

FEBRUARY 1996

\$4.95 in USA

\$5.95 in Canada

CURRENT HISTORY

A Journal of Contemporary World Affairs



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CURRENT HISTORY

FOUNDED IN 1914

FEBRUARY 1996

VOL. 95, NO. 598

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EDITOR'S NOTE:

Last fall, Fidel Castro came to New York City to participate in the festivities marking the UN's fiftieth anniversary. The Cuban leader wore a conservative suit in public appearances. His speech before the UN was a mere 5 minutes long. When asked his observations on New York, he complained about the potholes.

Gone were the military fatigues and the tiresome rhetoric. What remained was the icy American reception accorded Cuba's "maximum leader." Castro still commands a politically repressive regime, but he presides over an economically wilted country bereft of external support. Why the world's remaining superpower felt it should continue to snub Castro at the same time that it courted another autocrat, Indonesia's Suharto, during the anniversary celebrations is at the core of Wayne Smith's essay in this month's issue.

While United States actions toward Cuba remain reactive and infected with cold war ideology, the same cannot be said of its policy toward the rest of Latin America. The incremental process of extending NAFTA southward, the aid provided to Mexico since the peso crisis, and the results of the Haiti "intervention" make this clear. However, the drug strategy that guides policy toward Peru and Colombia shows signs of becoming a single-minded pursuit that could eradicate democracy instead of drug production in these two countries.

It was a similar single-mindedness in the 1980s that saw democracy extinguished in Guatemala as the United States attempted to curb Soviet influence in Central America. Whether what has been called the most politically savage country in the region can make the transition to democracy after nearly 30 years of civil war and more than 80,000 deaths is the subject of Rachel McCleary's essay.

COMMENTS ON THIS MONTH'S ISSUE?

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Printed in the United States

CURRENT HISTORY

February 1996

Vol. 95, No. 598

"In this post-cold war era, Cuba poses no threat to the United States, nor does it present any problem that could possibly outweigh in importance relations with countries such as Canada, Mexico, France, Great Britain, and Russia. Still, a substantial number of United States leaders seem willing to risk disrupting those relations in an effort to force the issue against Cuba. What is it about Cuba that elicits such seemingly illogical policy from Washington?"

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Shackled to the Past: The United States and Cuba

WAYNE S. SMITH

Relations between the United States and Cuba were long a function of cold war politics. There were, to be sure, bilateral problems. In 1960 Cuba nationalized all American properties on the island and Washington has since demanded that the property owners be compensated. Havana wants the return of the Guantánamo Bay naval base the United States acquired at the end of the Spanish-American War and Washington has just as adamantly refused. But these and other bilateral issues were continually overshadowed by strategic concerns. From 1960 on, Cuba's efforts to spread revolution in Latin America, its dispatch of troops to Africa, its activities in the Non-Aligned Movement—indeed, virtually all Cuban initiatives in the international arena—were analyzed by the United States in terms of the advantages that might accrue to the Soviet Union. And, of course, there was always the deeper fear that Soviet weaponry might be positioned in Cuba so as to threaten United States security, as indeed was the case, briefly, in 1962.

The conditions set by United States for a rapprochement with Cuba changed over the years, but consistently reflected this emphasis on security considerations. In the 1960s there were but two condi-

tions: that Cuba end its efforts to spread revolution, and that it sever military ties with the Soviet Union. In a speech at the 1962 Punta del Este Conference, at which Cuban membership in the Organization of American States was suspended, Secretary of State Dean Rusk stressed that American objections were with Cuba's activities and policies in the international arena, not with its internal system.

The conditions changed with the Carter administration in the late 1970s. It added that the Cuban government must also show greater respect for human rights. And since Cuban troops were by then in Africa, their withdrawal became the fourth condition for significantly improved relations.

The Reagan administration put forward these same conditions. The United States message to the Cubans during the eight years of Reagan's presidency was that as long as Cuba was the ally of the Soviet Union, there would be a definite limit on how far the United States could go in improving relations. If, however, Cuba would remove its troops from Africa, stop meddling in revolutionary situations in Central America and elsewhere, reduce its military ties with the Soviet Union, and improve its human rights performance, then the United States could move ahead toward a new relationship and even begin to lift the trade embargo. Clearly implicit in this formulation was the idea that the United States would respond positively to Cuban initiatives in these areas. In short, there would be quids for their quos.

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Or so the United States said. By 1989 there had been significant movement in two of these areas. First, as the result of an agreement brokered by the United States and signed by Angola, South Africa, and Cuba in 1988, Cuba began a phased withdrawal of its troops from Africa. Second, there had been a marked change for the better in human rights, which was acknowledged in the State Department's human rights report in 1989. The Bush administration, however, which came to office in 1989, did not respond to these developments.

Even more sweeping changes were to follow over the next three years. By 1992 the cold war had come to an end and the Soviet Union had collapsed. For its part Cuba publicly renounced its earlier policy of assisting revolutionary movements—not simply in Central America, but anywhere else in the world. As Fidel Castro himself put it: "Times have changed."

The conditions set by the United States for rapprochement had been met, or at least—in the case of human rights—were being seriously addressed. And with the end of the cold war, the security concerns that had shaped United States policy toward Cuba for some 30 years disappeared.

Did this, then, lead to a relaxation of United States policy toward Cuba? Not at all. In fact, the Bush administration added a new condition. Now Cuba was to hold open elections and become a democracy before relations could improve. During his four years in office, President George Bush did not take any steps toward a more positive relationship. And in November 1992, with passage of the Cuban Democracy Act, supported by both the administration and presidential candidate Bill Clinton, the United States actually tightened the embargo on Cuba.

This was simply bad diplomacy. Cuba had come a long way toward complying with American conditions, but rather than responding with carrots, the United States wielded an even bigger stick by creating new conditions. As one representative of the Clinton administration later acknowledged, "We moved the goalposts."

NEW OBJECTIVES?

That the United States failed to soften its policy toward Cuba in the wake of positive Cuban steps and the end of the cold war is, then, most puzzling. Could it be that new objectives have emerged in the post-cold war period?

A brief review of United States interests and objectives in Cuba suggests that new objectives

have not emerged; rather, interests that have always been present, but subordinated to America's strategic needs, have now become priorities. For example, the United States still wants to see Cuba move toward a more open system and show greater respect for human rights. Encouraging democracy and respect for human rights should always be an important element of United States policy toward all countries. How the United States pursues those objectives, however, is another matter. In all other cases, whether it is China, Vietnam, Saudi Arabia, Kuwait, or dozens of other countries that are not democracies and that have worse human rights records than Cuba, the United States argues that more can be accomplished through engagement—through trade, normal relations, and increased contacts—than through isolation and economic strangulation. Why is it that when it comes to Cuba, the United States insists the only way to produce change is with a bigger stick?

Rigidity on this point is all the more difficult to understand given that Cuba's religious leaders and many human rights activists (who want to see movement in these areas even more than the United States does) tell Americans their policy is wrong. They point out that given the history of United States-Cuban relations, any government in Havana would react to unrelenting United States pressure not by conceding but by digging in its heels. Moreover, such heavy-handed pressure provides the Castro government with an obvious external threat against which it can rally the people, insisting on internal discipline and conformity. Clearly, such a reaction is counterproductive in terms of what the United States wishes to achieve.

MARIEL REVISITED

One of Washington's most important objectives for Cuba (indeed for most Caribbean countries) is to encourage their populations to remain in place. The United States does not want to be the recipient of hundreds or even tens of thousands of refugees or illegal aliens. This became clear with the Mariel boat lift in 1980, and was emphasized again during the refugee crisis of 1994, when tens of thousands of Cubans set out for Florida by rafts and small boats. The Clinton administration defused the 1994 crisis, at least temporarily, by entering into an agreement with Cuba under which the United States would guarantee 20,000 immigrant visas per year to Cuban citizens; for its part, Cuba would prevent rafters from departing its shores.

This agreement, however, did not address the

underlying conditions that prompted the refugees to leave in the first place: food shortages, lack of medicine, energy blackouts, and other manifestations of the acute economic crisis Cuba has faced since the collapse of the Soviet Union. While the United States economic embargo is not the principal cause of that crisis, it does exacerbate it, especially in the import of foods and medicine. In short, it fuels the very conditions that might encourage a new exodus of refugees, and thus seems to work at cross purposes with what sensible United States objectives should be.

In the same vein, a bloody upheaval in Cuba, or the sort of civil war that would be required to oust Castro, would certainly result in hundreds of thousands of refugees on America's shores. The Clinton administration says it wants to see a peaceful transitional process in Cuba, but its policy of unrelenting pressure seems designed to produce the exact opposite. And certainly the exact opposite was—and is—the objective of the Cuban Democracy Act, which Clinton continues to support and indeed describes as the keystone of his policy. Congressman Robert G. Torricelli (D-N.J.), the act's principal architect and proponent, stated publicly in December 1992, a month after the bill's passage, that it would bring about the fall of Castro "within weeks." And in 1993 he asserted that it was designed to "wreak havoc in Cuba" and would get rid of Castro. It did neither, but it helped bring about the conditions that led to the refugee crisis of 1994. What better evidence does one need that the Clinton administration's approach to Cuba, based on the Cuban Democracy Act, is counterproductive?

WAITING FOR PAYBACK

The United States still wants Cuba to compensate its citizens and companies whose properties were nationalized in the 1960s. Again, however, Washington could accomplish much more through engagement than through the continuation of present policy. In fact, it is only through engagement that the United States can bring about compensation since this is an issue that must be negotiated with the Cubans. They have consistently signaled

their readiness to work out a compensation agreement, and have in fact signed such agreements with every other country that had claims against Cuba. To be sure, the Cubans always note that they have large claims against the United States resulting from damages during the Bay of Pigs invasion, exile raids against Cuba, and the embargo. United States acceptance of such claims is not a precondition for sitting down at the negotiating table, however, any more than Cuban acceptance of the amount the United States places on its claims is a precondition on coming to the table.

If either side ever seriously wishes to address this issue, Cuba will most likely throw out its claims in return for United States cancellation of the 6 percent annual interest it attaches to the principal of its own claims. The two sides could then get down to negotiating the principal. No matter how much was agreed on, Cuba would not have the cash to pay it. Hence, compensation would have to be

linked to future trade or other economic relations between the two—perhaps in the form of a surtax on Cuban exports to the United States, which would then be used to pay American claimants.

If the United States wants to be paid, it must engage and be prepared to open up trade. The amount of trade it might conduct with Cuba is not vital to the health of the American economy, but it would certainly help. A recent study, for example, calculated that the United

States and Cuba could quickly be doing some \$7 billion a year in two-way trade.¹ That is not an astronomical figure, but neither is it one to be overlooked.

American businesses want to trade with Cuba, and increasingly resent that their government has given the Cuban market to their Canadian, British, French, Spanish, and other foreign competitors. As one United States businessman put it, "this undercuts our own country's economic interests."

INFECTING OTHER RELATIONSHIPS

In the years since the end of the cold war, United States policy toward Cuba has become totally isolated in the world community, an indication that it has lost touch with reality. A November 1995 vote in the United Nations General Assembly was 117 to 3 against the United States embargo, up from 101 to 2 in 1994; only Israel and Uzbekistan voted with the United States in 1995, and they both trade with

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¹Donna Rich Kaplowitz and Michael Kaplowitz, *New Opportunities for U.S.-Cuban Trade* (Washington, D.C.: School of Advanced International Studies, Johns Hopkins University, 1992).

Cuba. Not one other government cooperates with the trade embargo. Many seem to regard it as the result of some bizarre obsession on the part of the United States government.

Yet with the Cuban Democracy Act, the United States began to interfere in the trade of other countries with Cuba, even trying to dictate trading practices to them. Legislation introduced by Senator Jesse Helms (R-N.C.) and Congressman Dan Burton (R-IND.), now under consideration by the United States Congress, proposes that the United States go even further. It suggests the president approach the UN Security Council in an effort to have other countries join the embargo. There is not, however, the slightest chance that such an effort would succeed. Other governments, including some of America's major trading partners, have made it clear that they would consider passage of the Helms-Burton legislation an unacceptable violation of their sovereignty, warning that it could not but cause serious problems in their own relations with the United States.

Here again, we have evidence of miscalculation, or even irrationality, in the formulation of Cuba policy, for in this post-cold war era, Cuba poses no threat to the United States, nor does it present any problem that could possibly outweigh in importance relations with countries such as Canada, Mexico, France, Great Britain, and Russia. Still, a substantial number of United States leaders seem willing to risk disrupting those relations in an effort to force the issue against Cuba. What is it about Cuba that elicits such seemingly illogical policy from Washington?

THE (NOT SO) POWERFUL CUBAN EXILES

It has been argued that the powerful Cuban exile community blocks any softening of policy toward the island. But if the exiles have prevented change in policy, that has more to do with miscalculations by American politicians than with the strength of the community itself, which is by no means monolithic. While the vast majority consider themselves to be anti-Castro, the exiles are nearly evenly divided between those bitterly opposed to any kind of dialogue with the Castro government and those who would be willing to support such an initiative. Simply taking a position against engagement is not a sure way of winning the votes of the majority.

Moreover, the Cuban-American community has never been decisive in elections in the state of

Florida or even in Dade County, where most Cuban exiles live. True, almost a million people who were born in Cuba reside in Florida, but not all are citizens and even the majority who are do not vote as a bloc. Furthermore, there are some 14 million Floridians, and Cuban-Americans make up less than 6 percent of the population. The ultraconservative elements of that community are strident, vocal, and contribute large sums to the campaign funds of those politicians willing to cooperate with them, but they do not decide statewide elections. President Clinton should have learned that in 1992. Thinking that taking a hard line on Cuba was the way to win Florida, he announced his support for the Cuban Democracy Act and embraced ultraconservative leaders such as Jorge Mas Canosa, the head of the Cuban-American National Foundation. The result: Clinton won exactly the same percentage of the vote in Florida, 39 percent, that Democratic presidential candidate Michael Dukakis had

won four years earlier without taking a hard line. True, a few more Cuban-Americans voted for Clinton, but that was more than offset by the fact that some long-time Democrats, resenting Clinton's embrace of the most extreme fringe of the Republican Party, stayed home. And no matter what Clinton's position on Cuba, the ultraconservative elements of the Cuban-American community voted Republican.

President Bush won Florida in 1992 by a narrow margin, but not because Clinton increased the Democratic average; as was noted, the Democratic share remained exactly the same. Rather, some 17 percent of the Republican voters went for third-party candidate Ross Perot. That will not be the case in 1996, when the Republicans are likely to win by a large margin, whether or not Clinton holds to a hard line toward Cuba.

Perhaps the best evidence that the Cuban exiles do not decide statewide elections is that while Clinton lost Florida, he won Dade County, where most Cuban-Americans live, and won it without their vote. Only 18 percent of the Cuban-American voters in the county cast their ballots for Clinton. But Dade County is more liberal than the rest of the state, with large Jewish, black, and other Hispanic communities, all of which went heavily for Clinton. He lost in the northern counties, where few Cuban-Americans live, over issues that had nothing to do with Cuba.

Another lesson should have been learned from

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the reaction to the president's May 1994 decision to return Cuban refugees picked up in the Straits of Florida directly to Cuba. Ultraconservative members of the Cuban-American community denounced the new policy as a stab in the back, organized demonstrations, and tried to block traffic on freeways in and around Miami. All this was to no avail, for theirs was clearly the minority position. The rest of the country, and the overwhelming majority of Floridians, were opposed to accepting more refugees—whether they came from Cuba, the Middle East, or Asia. They fully supported the president's decision, as did, even more tellingly, about half the Cuban-American community itself.

The events of May and June 1994 provided an accurate reading of the weakness of the ultraconservative wing of the Cuban-American community. True, Clinton knew majority opinion on the refugee issue was on his side. But it would also be there if he wanted to initiate a policy of gradual engagement with Cuba. Every major newspaper in the United States has called for such a policy change. More and more American businessmen are demanding it. And polls consistently indicate that the majority of Americans, while holding a low opinion of Fidel Castro, are not opposed to a diplomatic opening to Cuba.

CONGRESS: NOT IN THE MOOD

The Clinton administration often argues that while the rest of the country may be open to a relaxation in Cuba policy, Congress most definitely is not. Administration spokesmen point to the Cuban Democracy Act and the Helms-Burton bill as accurate measures of the Congressional mood. "You may talk about lifting certain sanctions against Cuba," one administration official said recently, "but the milieu in which I work in Washington is one in which the Congress wants to increase the pressure against Cuba, not reduce it. That is the reality." But if it is, it is one of the administration's own making. The Cuban Democracy Act would not have passed had it not been for Bill Clinton's warm endorsement. It was, he said in 1992, time "to put the hammer to Castro."

Since then the administration has held that only the pressure exerted by the United States embargo can force Castro to show greater respect for human rights and to move toward a democratic system. There is no evidence, however, to support either thesis. Still, proponents of the Helms-Burton bill argue that the increased pressures embodied in their legislation will work even better. While the admin-

istration readily acknowledges that economic reforms are under way in Cuba, it insists that it sees no sign of political liberalization. In other words, according to the administration's own analysis, three years after its passage, the Cuban Democracy Act has failed to move Castro toward democratic reforms.

However, while political reforms have been slow and tentative, it is wrong to say there have been none. The process of changing the electoral law, which began in early 1992, has so far resulted in the first popular elections to the National Assembly in February 1993. Unfortunately, the nominating process remained tightly controlled, and, worse, there was only one candidate for each seat. Still, in the past, National Assembly deputies were appointed and there was no balloting at all. If one sees the step taken in 1993 as the first in a process, not as its final result, there is then reason to be encouraged. Cuban officials point out that the electoral law can be modified even further. They can indeed move to a system in which there are several candidates for each slot, and in which the nominating process is far more open. Time will tell.

Meanwhile, it is clear that the electoral reform, expansion of religious freedoms, and other small steps toward a more open system have not been the result of the Cuban Democracy Act; both electoral reform and a greater tolerance toward religious expression began before the act's passage. They are instead in response to Cuba's need to adjust to a world that has changed around it. With the end of its preferential trade relationship and subsidies from the Soviet Union, and with few sister socialist republics left to trade with, Cuba has had to adjust its economy to the market economies with which it must now trade and upon which it must depend for investments and credits. It has begun to make those adjustments. And if it is to find acceptance in the international community, especially from the hemispheric family of nations, it must move, however slowly and reluctantly, toward a more open political system.

The equation for change is thus already there. Unrelenting United States pressure is not only unnecessary but inhibits more than it encourages change. It would be far more productive to reduce tensions between the United States and Cuba and begin a process of dialogue and engagement. It might be politically risky to lift the embargo all at once, but removing the prohibitions on the sale of food and medicine would certainly be feasible and would show good faith.

PSYCHOLOGICAL BARRIERS

Unfortunately, neither the administration nor the Congress shows any signs of give; the rhetoric from both suggests a continuation of the hard line. Even the President's announced "opening" on October 6, 1995, has turned out to be more smoke than fire. He spoke of significantly increased academic exchanges, yet the restrictions on such exchanges have not been lifted. He suggested that Cuban-Americans would now be able to travel more freely to visit their families, but those restrictions also have been little changed. Unless someone is desperately ill, family members are not allowed to travel.

Given that United States policy obviously does not serve its own interests or advance its own objectives; that it does not encourage the kind of positive change the United States wants to see in Cuba; and that it is causing problems in America's relationships with important countries, why can it not shift to something that works better? Is it because of Fidel Castro himself? In part, perhaps. He is indeed seen by American political leaders as someone who has successfully defied the United States and

behaved "irresponsibly" in the international arena. That is difficult to forgive.

And then there is America's view that Cuba is of great strategic importance because of its position in the mouth of the Gulf of Mexico. American leaders were traumatized by Cuba's turn from the United States to the Soviet Union in the midst of the cold war. Suddenly this "most strategically important island" was no longer amenable to American control but had become the platform for Soviet missiles. Psychologically, that also is difficult to forgive.

But Cuba is no longer of great strategic importance and the cold war is over. Castro may never win a popularity contest in the United States, but he just may be the key to a peaceful transitional process in Cuba and that, in the final analysis, should be America's overriding concern. Good foreign policy does not flow from psychological obstacles and historical obsessions; rather, it must be geared, on the basis of dispassionate analysis, to the achievement of rational United States objectives and interests. That is not a description of current United States policy toward Cuba. ■

"Washington needs to shift its perspective on the Cuban drug situation. . . At the very least, the United States should consider helping Cuba address its growing drug abuse problem. This would mean providing assistance to conduct surveys of drug use and establish appropriate demand reduction and drug treatment programs. Such humanitarian assistance could lay the groundwork for a broader United States-Cuban dialogue on drugs and other law enforcement issues."

Drugs: The Cuban Connection

RENSSELAER W. LEE III

Cuba occupies an important geographical position astride the primary air and maritime smuggling routes between South America and the southeastern United States, and the use of Cuban territorial waters and airspace to smuggle drug cargoes northward to the Florida coast is well documented. The Cuban drug connection, however, is by no means vital to the supply of drugs to the United States market (traffickers prefer to ship their wares through Central America and Mexico rather than through the Caribbean). Rather, the significance of the connection has been political.

In some cases, especially during the 1980s, smuggling operations received the support and protection of high-ranking officials in the Cuban government. The resulting perception—that the Cuban government abets drug traffic as a matter of official policy—has been especially damaging to relations between the United States and Cuba.

Another dimension of the drug problem concerns the apparently increased availability of marijuana and cocaine within Cuba and the establishment of rudimentary distribution systems for these substances. Such phenomena seem incompatible with the Western image of Cuba as a totalitarian society. A growing internal drug problem combined with the growth of prostitution, black marketeering, currency speculation, and rampant street crime could have far-reaching consequences for Cuba's future stability and development.

CUBAN GOVERNMENT INVOLVEMENT

Drug smugglers generally avoid routing ship-

ments through Cuba itself. Typically, operations involve overflights by Colombian aircraft and air-drops of cocaine and marijuana cargoes to Florida-bound speedboats waiting in Cuban territorial waters. Such "arms-length" operations minimize or eliminate the involvement of Cuban nationals in the traffic. In specific cases, however, Colombian drug-exporting organizations have negotiated agreements with highly placed Cuban officials in which the latter have agreed to facilitate drug shipments in return for bribes. Favors have reportedly included access to ports and airfields, refueling and repair services, naval gunboat escorts for drug-leader "mother ships" and, in one alleged case, a Cuban MiG escort for a Colombian aircraft entering Cuban airspace.

Allegations of Cuban government participation in narcotrafficking first acquired prominence in the United States in the early 1980s. American officials expressed concern about an apparent arms-for-drugs connection involving a Colombian drug ring, Cuba, and the M-19 guerrillas in Colombia. United States Assistant Secretary of State for Inter-American Affairs Thomas Enders told a Senate committee in 1982 that Cuban officials allowed the ring's mother ships "to take sanctuary in Cuban waters while awaiting feeder boats from the Bahamas and Florida." Also, Enders said, the Cubans had made a deal with the leader of the ring, Jaime Guillot Lara, to smuggle weapons and money to the M-19.

Reports of Cuba's ties to the drug business continued to surface during the 1980s. Predictably, the Cuban leadership itself became a target. According to defectors' accounts, the Castro regime was actively manipulating the drug trade to earn hard currency and to demoralize and destabilize American society. One defector claimed that Fidel Castro had personally profited from the drug trade since

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1982. Panamanian diplomat José Blandon testified before a Senate subcommittee in 1988 that Castro had mediated a dispute between Panamanian General Manuel Noriega and the Medellín cartel in 1984—implying that the Cuban dictator was on good terms with both sides. Such charges were politically motivated and doubtless exaggerated—grist for south Florida's active anti-Castro rumor mill—and, unsurprisingly, the Cuban government dismissed them as fabrications. However, in the late 1980s new evidence of a high-level Cuban connection to the traffic forced the Castro regime to take action.

The catalyst was the February 1988 indictment of a 17-member Miami-based drug ring linked to the Medellín cartel that was charged with smuggling cocaine into the United States by way of Cuba. Testimony presented at the trial left little doubt that Cuban officials had facilitated the traffic. In a plea-bargain arrangement with United States authorities, the head of the group, Reynaldo Ruiz, a Cuban émigré residing in Miami, identified his principal collaborators in Cuba; they included Colonel Antonio de la Guardia Font, head of the Ministry of Interior department charged with circumventing the United States economic blockade of Cuba, and two officials of the department, Amado Padron Trujillo and Miguel Ruiz Poo (the latter also happened to be a cousin of Ruiz). In Cuba the revelations were initially denounced by Castro as “lies from top to bottom,” but he later authorized an internal investigation of the matter that culminated in the highly visible trials of several Cuban military and government officials in mid-1989.¹

The Ochoa-de la Guardia case (named for the key defendants in the trials) disclosed various details about trafficking operations through Cuba and Cuban ties to the Medellín cartel. Reynaldo Ruiz's links to the cartel developed initially because his wife, Ligia, was a native of Medellín who maintained a friendship with Gustavo Gaviria, Colombian drug lord Pablo Escobar's first cousin. In 1987, Ruiz had met with de la Guardia at the behest of the Colombians and had finalized a deal in which the cartel would ship 400 kilograms of cocaine through Cuba's Varadero airport. The first operation took place in April 1987. Between 1987 and 1989, the

Cubans and the cartel conducted 15 successful smuggling operations that moved approximately 6 tons of cocaine through the island and earned the Cuban conspirators an estimated \$3.4 million.

A concurrent smuggling scheme involved General Arnaldo Ochoa Sanchez, who had headed the Cuban military mission in Angola and was a decorated hero of the Cuban revolution. In April 1988 Ochoa sent his aide, Captain Jorge Martínez Valdez, to meet in Havana with de la Guardia and representatives of Pablo Escobar. One result of the meeting was a trip by Martínez to Medellín to meet Escobar in early May 1988. Escobar and Martínez reached an agreement to traffic cocaine through Cuba for a fee of \$1,200 per kilogram (Escobar also proposed setting up cocaine laboratories in Cuba but this was apparently rejected). Subsequent to this meeting, Ochoa's group orchestrated two failed smuggling operations. One, involving a Panamanian ship, never materialized because the captain of the vessel was murdered. The other collapsed after a boat loaded with about 500 kilograms of cocaine was seized by the Cuban border patrol. After the second failure, which de la Guardia had failed to prevent, Escobar threatened to send a representative to Cuba to “complain to the authorities and to demand the return of the merchandise.”

Ochoa, de la Guardia, Padron, and Martínez were arrested in June 1989 and executed the following month. (Some commentators believe that the execution of Ochoa, a popular and reform-minded figure, owed less to the general's cocaine trafficking schemes than to Castro's desire to eliminate a possible political rival.) A number of other Cuban officials, including de la Guardia's brother Patricio (also a Ministry of Interior official) and Interior Minister Jose Abrantes, were given long jail sentences in connection with the scandal.

The Ochoa-de la Guardia scandal raised the question of whether top Cuban leaders had authorized or acquiesced in drug smuggling through Cuba. At his trial Ochoa characterized his motives as altruistic and patriotic. The general's stated intention was to use the proceeds from narcotrafficking to invest in tourist enterprises in Cuba. “If tourism develops, Cuba benefits,” he said. This economic rationale brought forth a blistering response from Fidel Castro. In a speech to the State Council he pointedly noted that, “A revolution that must depend on drug trafficking is not viable. Even if

How drugs get onto the island is something of a mystery. The official explanation is that most arrive by accident.

¹Emilio T. Gonzalez, “Cuban Involvement in Narcotrafficking” (University of Miami, Graduate School of International Studies), pp. 9-11.

millions of dollars were involved, a revolution here in the hemisphere, 90 miles from the United States, that maintains itself on its principles, its morality, and its serious interest, could not sustain itself on this basis."

In the view of some United States observers, the Ochoa-La Guardia trials were a signal that Cuba intended to disengage itself from the narcotics business and to seek improved relations with the United States. Yet United States perceptions of the regime were, if anything, hardened.

In early 1993 federal prosecutors in Miami actually considered indicting the entire Cuban government, including the armed forces and Interior Ministry, as a criminal enterprise. A 17-page draft indictment was prepared that named Raúl Castro and 14 other top Cuban officials as co-conspirators. The document alleged that the Cuban government "facilitated the transportation and distribution of large quantities of cocaine destined for the United States, including south Florida." The indictment was not executed, possibly because the government's case—drawn mainly from the testimony of convicted drug dealers such as Medellín kingpin Carlos Lehder—was shaky. (Lehder testified at Manuel Noriega's trial in 1991 that with the help of fugitive financier Robert Vesco he had hammered out a deal with Cuban officials to open a smuggling air route over the island and that he had actually met with Raúl Castro in 1982.) Still, the issuance of the draft indictment indicated Washington's deep hostility toward the Castro government and the frozen state of United States-Cuban relations.

While no important corruption scandals involving the Cuban government have surfaced in recent years, the machinations of the 1980s have left a bitter residue. Washington adamantly refuses to work with the Cuban government on the drug issue, which is unfortunate from Cuba's perspective. Faced with an increasing influx of illicit drugs and with shortages of fuel and spare parts for airplanes and patrol craft, Havana has been seeking "improved and continuous U.S. cooperation" in the fight against drugs. Yet, as a Cuban Foreign Ministry official notes, "There appears to be a political decision not to cooperate with us." One wonders why not. Cuba's past sins doubtless are a deterrent to substantive collaboration, yet the United States maintains narcotics assistance ties with a number of arguably corruption-ridden governments in this hemisphere. Cuba still has a communist government, yet Washington initiated a variety of exchanges and programs with Soviet government

agencies in the narcotics field prior to the collapse of the Soviet Union; noteworthy in this connection were the training programs by the Drug Enforcement Administration (DEA) for Soviet internal affairs and customs officials in police procedures for detecting illegal drug shipments and for identifying the members of drug-trafficking organizations. Somehow, Cuba falls into a different category. Evidently the United States does not want to encourage the Castro regime with promises of bilateral cooperation even in areas of obvious mutual interest such as narcotics.

THE INTERNAL DRUG PROBLEM

As the earlier discussion suggests, Cuba's drug transit traffic at times has been a central factor in the United States-Cuban relationship. At the same time, the traffic is having repercussions domestically in Cuba. While Cuba still has a small drug abuse problem compared the United States and some other Latin American countries, increasing amounts of cocaine and marijuana are being sold on the island, according to Cuban officials. How drugs get onto the island is something of a mystery. The official explanation is that most arrive by accident. While small amounts of drugs (especially cocaine) are carried to Cuba by tourists, the bulk are fished from the sea or wash up onshore—leftovers of unsuccessful transfers between Colombian planes and United States-based speed boats. Cuban entrepreneurs then channel the drugs into what appears to be a growing internal market. "Years ago, since this merchandise had no commercial value, everyone who found a packet of this type handed it over to the authorities," said Cuba's national prosecutor in a November 1995 interview with *Granma*, the official party newspaper. "Now people have discovered how much that's worth and they don't always hand it over."

Perhaps the supply of drugs to the Cuban market is still disorganized and haphazard; yet recent liberalizing economic trends in Cuba could change this picture. The opening of the island to foreign tourism and investment, the growth of a parallel dollar economy, and other reforms could cement the relationship between Cuban drug dealers and international cocaine cartels. Indeed, Cuba stiffened its drug laws in June 1994. In an interview with the Cuban newspaper *Bohemia* the same month, Cuban Justice Minister Carlos Amat commented on the looming drug threat: "We have been seen as a springboard, not as a target in ourselves. Now [the traffickers] will not be able to resist the temptation

to see how they can penetrate and organize inside of Cuba." Foreign journalists visiting Cuba report that marijuana and cocaine are fairly plentiful on the island. An American freelance reporter visiting Havana in 1995 was quoted a price for cocaine of \$15 to \$30 per gram (the 1994 price in New York City was \$30 to \$90 per gram). A reporter for the Miami-based publication *New Times* actually arranged to purchase two bottle caps of cocaine in Havana's Santos Suarez district in 1992.

To be sure, the potential market for cocaine and marijuana is limited to the estimated 25 percent of Cubans who have regular access to hard currency through remittances from overseas or association with the tourist trade. Yet a black market also exists for prescription drugs, which includes various kinds of barbiturates as well as more exotic substances such as Parkinsonil, a medication for Parkinson's disease. Prescription pills, which unlike imported cocaine and marijuana can be purchased for Cuban pesos, represent an important component of the illicit drug scene in Cuba.

POLICY ISSUES

Cuba's drug problems seem likely to grow in future years. A dismal economic performance—reflected in a 34 percent drop in GDP since 1989, and in combined unemployment and underemployment estimated at 30 to 40 percent—has generated a pervasive sense of hopelessness on the island. In such conditions more young people might be motivated to consume drugs or to deal in them as a way to make ends meet. Economic conditions also constrain resources available for Cuban drug-interdiction efforts. The shortages of fuel and spare parts have led to dramatic declines in seizure rates (from 3.36 metric tons of cocaine in 1993 to 0.24 metric tons in 1994), possibly encouraging traffickers to ship more drugs to the United States by way of Cuba.

Cuba, in short, needs international assistance in its fight against drugs; Washington has refused to provide such assistance. Cuban and United States agencies occasionally share information on drug overflights, movements of boats through Cuban waters, and arrests of drug criminals in Cuba, but no consistent overall levels of cooperation have

developed. The United Nations initiated a small (\$1.04 million) program in Cuba in mid-1994 to provide equipment and training for different Cuban agencies involved in the drug field, but this program, scheduled to terminate in early 1996, falls far short of Cuba's needs.

Washington needs to shift its perspective on the Cuban drug situation. Cuba presents no security threat of consequence to the United States, hence there is no foreign policy reason not to improve relations in areas of mutual interest such as narcotics. And it is hard to see how cooperating with Cuban law enforcement or public health agencies on the drug front will add to Castro's legitimacy and prolong the life of the communist regime, any more than the DEA's police training programs in the Soviet Union represented a statement of support for Soviet communism. At the very least, the United States should consider helping Cuba address its growing drug abuse problem. This would mean providing assistance to conduct surveys of drug use and establish appropriate demand reduction and drug treatment programs. Such humanitarian assistance could lay the groundwork for a broader United States-Cuban dialogue on drugs and other law enforcement issues.

At present Cuba is not a major transit country for drugs but other considerations should guide United States policy. In planning for a post-Castro Cuba, Washington should be mindful of the experience of de-communization in the former Soviet Union (FSU). Here the collapse of communist control and the opening of borders were accompanied by an explosion of criminality of all types—from narcotics to weapons trafficking to dealing in dangerous nuclear materials. Both political processes and entrepreneurial activities in the post-Soviet states today are intimately linked with organized criminal activity. Certainly, this is not the outcome that the United States wants in Cuba. The emergence of a bastion of organized crime and drugs just 90 miles from United States shores that is operating smuggling ventures and other illegal activities through networks of Cuban communities established abroad is hardly in the best interest of the United States and other countries in the hemisphere. ■

In his assessment of United States economic policy toward Latin America, Peter Morici suggests that, "For the United States, achieving free trade with countries at radically different levels of development is much more difficult than liberalizing trade with other industrialized countries. . . A critical lesson from Europe has become clear: once the process of economic integration begins, it creates its own momentum. The United States should embrace flexibility and acknowledge diversity."

An Architecture for Free Trade in the Americas

PETER MORICI

Since the early 1980s, revolutionary changes have been unfolding in Latin America. Democracy has returned to the region. Governments are abandoning decades of economic nationalism and protectionism and adopting more market-driven development strategies. But at the same time that industrial and trade policy reforms have sparked economic renewal, they have also imposed wrenching adjustments and, in some places, crisis.

The United States has an enormous stake in all this. Latin America is reemerging as a vital market for American high-technology products. Moreover, the radical economic reform in the region has been encouraged by United States-backed debt-restructuring programs and the promise of free trade for regimes that deregulate their economies. Should these reforms fail to deliver sustainable economic and social progress, fledgling democratic institutions and regional stability would be threatened. For the United States the results could include poisoned economic relations and worsened immigration woes.

FROM CORPORATISM TO LIBERALISM

After World War II, Latin American governments encouraged industrialization through import-substitution—the planned expansion of manufacturing behind high trade barriers. These strategies were part of a comprehensive nexus of industrial,

labor market, and social policies sometimes called corporatism or aggressive nationalism. Intended to reduce dependence on natural resource exports, foster independence from cyclical business fluctuations in the United States and Europe, and ensure a measure of domestic economic justice, they worked fairly well through the 1970s as Latin America's economies grew between 5 and 6 percent a year. However, resource exports remained an important source of foreign exchange, and corporatist policies led to inefficient industries and corruption.

In the 1970s and 1980s, accelerating technological change, two boom-bust cycles in the oil market, a collapse in the demand for nonoil export commodities, and the trend toward decentralized decision making in globally competitive enterprises combined to make centralized, state-directed approaches to economic development unworkable.

At first, governments borrowed abroad and printed money to prop up uncompetitive enterprises and sustain incomes. Inevitably, growth in domestic production and exports failed to keep pace with mounting debt, and a repayment and refinancing crisis resulted in 1982. Governments were forced to seek concessions from foreign commercial banks and assistance from the IMF. The latter required governments to slash spending and raise taxes. For much of the 1980s, Latin America endured hyperinflation and decreases in investment, incomes, and spending for social programs and public infrastructure.

By the mid-1980s, when it became apparent that a return to old ways of doing business was not feasible, an ideological transformation began. National policymakers recognized the shortcomings of cor-

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poratism and import-substitution. New policies were introduced that included lower tariffs and reduced nontariff barriers to imports, fewer regulations on domestic industries and restrictions on foreign investors, privatization of state-owned enterprises, and a decrease in subsidies to industry.

These policies have enjoyed some success. Economic liberalization is creating new, more efficient enterprises, new growth, and a new entrepreneurial class; however, it is imposing substantial income losses and unemployment on firms and workers long dependent on import protection and government largesse. By moving too quickly, policymakers risk requiring a larger redeployment of private capital and workers than markets can accommodate, imposing adjustments that are harsher than domestic polities will tolerate, and strengthening opponents who wish to roll back reforms. Yet, by moving too slowly, policymakers risk giving private business leaders, workers, and international investors the impression that reforms are not permanent, and that they need not plan and act accordingly.

Mexico, Argentina, Jamaica, and Costa Rica are among the nations that have made impressive progress; Chile, which began the reform process in the early 1970s, has essentially completed the transition to an open market economy. Unfortunately, reforms have been slower and less steady in other countries. Notable in this regard are Brazil, which is plagued by the complexities of sheer size and diversity, and Venezuela, which was once a leader in reform but has been dangerously backsliding in the wake of steeply contracting oil revenues and the election of a left-leaning government in December 1993.

AVOIDING MEXICO'S PROBLEMS

The effective management of fiscal and monetary policy is equally vexing. Latin American leaders face the competing challenges of rebuilding neglected infrastructure, addressing growing social needs, and servicing debt while they try simultaneously to bring down inflation without printing money to meet these fiscal demands.

All of this is complicated by the role of exchange rate policy. Modern economics would suggest that the best course for governments undertaking fun-

damental industrial and trade policy reform is to let currencies find their own value on foreign-exchange markets. Unfortunately, letting currency values fall on international markets in response to, for example, sudden surges in imports or capital outflows, also removes an important control on the printing of money by cash-strapped governments. Floating currencies increase the risk that Latin American governments will again resort to increasing the money supply, thus allowing inflation to get out of control.

Argentina and Mexico have responded by tying their currencies to the dollar. This requires governments to practice strict deflationary policies—such as limiting government spending and the money supply—when trade balances plunge or the flow of incoming capital slows. Adhering to this course can take an iron will, which Argentina has demonstrated but Mexico has not.

Through 1994, Mexico permitted the peso to fall gradually against the dollar.¹ Since inflation in Mexico outpaced inflation in the United States, the peso became substantially overvalued and Mexico's trade deficits were financed by capital inflows. However, in 1994, imports surged so quickly that they could not be financed by foreign investment. As Mexican foreign currency reserves were depleted, portfolio investors began moving their assets into sounder currencies. Instead of accepting a combination of peso devaluation and deflationary policies, the government issued a record number of short-term treasury certificates (*tesobonos*)—peso-denominated bonds whose value is indexed to the United States dollar—to stem capital flight.

This strategy effectively shifted the denomination of much of Mexico's short-term debt from pesos to dollars, transferred foreign-exchange risk from private investors to the government, and was equivalent to borrowing dollars to prop up the pesos. While it bought a few months' time, it also permitted the underlying structural problems to fester, resulting in a macroeconomic crisis.

By December 1994, Mexico had substantially depleted its foreign currency reserves and was no longer able to support the peso's value. The government permitted the peso to float, and its value fell from 3.5 pesos to the dollar on December 20, 1994, to 6.3 on February 22, 1995. This free fall, coupled with Mexico's internal political difficulties, created the threat of chaos and social disintegration.

The United States has profited substantially from Latin American reform and renewal.

¹ From the end of 1987 to December 1994, the exchange rate rose gradually from 2.21 to 3.45 pesos to the dollar.

As the peso's value fell, President Bill Clinton announced on January 31, 1995, a \$50 billion multilateral credit facility. The United States Treasury Exchange Rate Stabilization Fund contributed \$20 billion, and the IMF, the Bank for International Settlements, Canada, and several Latin American countries contributed the balance. The Mexican government was forced to impose higher taxes and cut spending. Mexican citizens saw the purchasing value of their wages fall precipitously and were forced to endure much tougher belt-tightening and unemployment than would have been necessary had responsible measures been taken sooner.

It is important to recognize that although the crisis corresponded with the implementation of the North American Free Trade Agreement (NAFTA), the surge in Mexico's trade deficit was caused by growing purchases from Europe and Asia, not by an increase in purchases from the United States. Although Mexico's current account deficit swelled to nearly 8 percent of GDP in 1994, the United States trade surplus with Mexico declined from \$5.4 billion in 1992 to \$1.1 billion in 1993 and to \$1 billion in 1994. The peso debacle was caused by poor macroeconomic policy and investors voting with their feet.

UNITED STATES SUPPORT FOR ECONOMIC REFORMS

The United States has profited substantially from Latin American reform and renewal. In 1981 United States merchandise exports to the region were \$43 billion—18 percent of its exports. This was much more than what the United States sold to Japan and rivaled American exports to Canada and the European Union. By 1986 the region's foreign debt crisis had caused these exports to fall to \$31 billion, or 13 percent of United States exports. By 1994, as a result of Latin American reforms and recovery, United States exports to Latin America were \$92 billion, or 18 percent of total American exports.

More than 85 percent of United States sales to Latin America are manufactures such as transportation and sophisticated electrical equipment, industrial machinery, petroleum and mining equipment, environmental systems, pharmaceuticals, scientific instruments, and chemicals. These high-technology industries pay the country's highest wages, and expanding their export is a key element of the Clinton administration strategy to create attractive jobs.

The United States has supported Latin American reforms with assistance in restructuring debt,

through the Baker (1985) and Brady (1989) plans, and improved market access and aid through the Caribbean Basin Initiative (1984) and the Andean Trade Preferences Act (1992). Beginning in 1987, the United States also negotiated a series of framework agreements on trade and investment with Mexico that helped increase Mexican market access in steel, apparel, and several other sectors.

In 1990, President George Bush unveiled the Enterprise for the Americas Initiative. Through this program the United States offered additional debt-restructuring assistance, permitted governments to undertake environmental projects in lieu of debt repayment, and promised to negotiate free trade agreements with Latin American countries and sub-regional groups that demonstrated substantial progress in deregulating their economies.

The Enterprise for the Americas Initiative was enthusiastically greeted by Latin American leaders, and it gave additional impetus to Latin American efforts to create subregional free trade areas. These include the:

- Central American Common Market (CACM)—Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua.
- Caribbean Common Market (Caricom)—Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent, Surinam, and Trinidad and Tobago.
- Andean Pact—Bolivia, Colombia, Ecuador, Peru, and Venezuela.
- Southern Common Market (Mercosur)—Argentina, Brazil, Paraguay, and Uruguay.

In addition to eliminating tariffs on trade among members, each group also wants to create a customs union by adopting a common external tariff.

President Clinton has continued the Enterprise program, most notably in fighting a tough battle to win Congressional approval of NAFTA in the fall of 1993. At the December 1994 Summit of the Americas, he and 33 other Western Hemisphere heads of state established the goal of concluding arrangements for a Free Trade Area of the Americas by 2005. At a hemispheric ministerial meeting in June 1995, participants agreed to establish working groups on tariff and nontariff barriers, customs procedures and rules of origin, investment, product

standards, sanitary measures, subsidies and dumping, and the special needs of smaller economies. At the ministerial meeting scheduled to be held in March 1996, working groups will be established in the areas of intellectual property, services, government procurement, and competition policy. Meanwhile, the United States, Mexico, and Canada are negotiating Chile's accession to NAFTA.

A VARIETY OF ECONOMIC PLAYERS

For the United States, achieving free trade with countries at radically different levels of development is much more difficult than liberalizing trade with other industrialized countries. Although substantial progress has been achieved through recent reforms, United States sales are limited by Latin America's high tariffs and such nontariff measures as discrimination in government procurement and the purchases of state-run enterprises, limits on foreign investment, inadequate patent and copyright enforcement, quantitative restrictions on imports of automobiles, and regulations limiting foreign business services providers.

Also, widespread judicial and administrative corruption calls into question the value of Latin American commitments to further liberalize their import regimes, to afford United States exporters and investors fair treatment and security of contracts and property, and to honor United States intellectual property rights.

A prolonged recession in the region or another currency crisis like Mexico's could also strengthen opposition to liberal economic policies and slow or reverse reforms. Corporatism could be refashioned to reserve significant portions of domestic markets for emerging export industries—a strategy similar to that pursued in Japan and South Korea. Free trade agreements would increase the orientation of United States exporters and investors toward Latin America, and increase United States economic vulnerability to the whims of Latin American nationalism.

The United States sought to address these issues with NAFTA. The agreement may be viewed as having four interwoven elements. First, it is a traditional free trade agreement. It eliminates tariffs and virtually all quantitative restrictions, and it seeks to end other unnecessary impediments to commerce through rules for government procurement, the activities of state-owned enterprises, product standards and testing, regulation of foreign investment, and the certification of business service providers.

Second, it imposes on Mexico detailed timetables

to phase out its remaining interventionist trade and industrial policies, such as those in the automobile, computer, secondary petrochemical, and pharmaceutical industries. Parallel timetables govern the opening of Canadian and American markets.

Third, NAFTA mandates the modernization of Mexico's legal framework to ensure the security of property and the enforcement of contracts, and commits Mexico to establish a modern antitrust regime and strong intellectual property protection. NAFTA provides for international arbitration to ensure that Mexico's judicial system delivers fair treatment for United States and Canadian investors.

Fourth, NAFTA requires follow-on consultations and negotiations across a broad range of issues. The agreement establishes separate committees and working groups to address procurement, subsidies, product standards, environmental regulation, and other nontariff issues.

Overall, NAFTA addresses the central challenges inherent in achieving free trade between advanced industrialized countries and a developing country undergoing radical institutional change, and offers a useful model for negotiations with other Latin American countries.

A NORTH AMERICAN ECONOMIC COMMUNITY

Although NAFTA does not create a customs union (since it does not establish a common tariff on imports from outside North America), it creates much more than a simple free trade area.

Competition for investment and jobs will pressure the three signatory governments to lower tariffs on raw materials, components, and capital goods to the lowest levels among the three countries. In addition the three countries have granted one another preferential market access, far beyond the elimination of tariffs and quotas, by lowering nontariff barriers to goods and investment to a level lower than required under World Trade Organization (WTO) guidelines. The process of implementing these continental preferences in areas such as procurement, product standards, and the rights of investors and service providers will create strong pressures to harmonize policies. For example, the easiest way for Mexico to establish that its product standards and testing are as effective as United States requirements will be to adopt United States protocols. Such harmonization is an essential characteristic of the single market in the sense established by the European Union (EU).

Finally, the follow-on negotiations offer the opportunity to further develop the characteristics

of a single market. Thus, NAFTA is so sweeping in the range of domestic and international policies it addresses that it aspires to many elements of an economic community without an explicit common external tariff.

EXTENDING NAFTA SOUTHWARD

United States economic strategy is premised on extending NAFTA southward. It has already moved in this direction by promoting Chile's accession to the agreement. However, in the rest of the region the United States encounters countries that vary considerably in their capacity to achieve rapid reform and in their dependence on United States markets.

Latin American governments cannot dismantle corporatist policies overnight and establish the business and legal institutions necessary to support market economies. Reforms must be paced to ensure that the economic benefits they create are perceived as worth the costs they impose. The experience of Argentina and Chile indicates that a brisk but orderly pace for reform—when accompanied by prudent fiscal, monetary, and exchange rate policies—will ignite growth and political momentum for continued reform.

The United States can help improve prospects for successful reforms by offering wider market access, opportunities for debt restructuring, and other aid and technical assistance. However, the United States must act prudently—opening United States markets too quickly or offering too much debt assistance may allow some governments to bow to internal political pressures to continue corporatist policies.

The United States should open its market to individual countries as their reforms progress. Overall, it should adopt a tiered approach to free trade, offering broad and deep market access to countries that have achieved substantial reforms and more limited reciprocal free trade to countries that have made significant efforts but have achieved less progress.

Also supporting differential treatment is the variation in Latin American dependence on the United States market. Mexico sends more than 70 percent of its exports to the United States; the Andean Pact, Caricom, and the CACM send about 40 percent; and Mercosur sends only about 17 percent. Brazil's trade ties to the EU are as important as its ties to the United States, and Chile's trade with Japan rivals its commerce with the United States. As noted, NAFTA will pressure members to harmonize domestic poli-

cies and create pressures for Latin American participants to redirect some of their trade with the EU and Japan toward the United States and Canada. Do Mercosur and Chile, with trading interests in Europe and Asia that are as important as those in the United States, really want to become involved in such intense integration with North America and possibly limit their options with the EU and Japan?

Chile has apparently determined that becoming a full NAFTA partner serves its interests; however, members of Mercosur could decide that their interests would be better served by a more limited relationship with NAFTA, leaving them freer to forge links with the EU and Japan.

Differential treatment, however, would create thorny problems. All the subregional groupings have members at substantially different stages of reform (Argentina and Brazil in Mercosur, for example). How does the United States offer Argentina reciprocal free trade without asking it to abandon its goal of a common external tariff with Brazil?

The United States can address these issues by presenting Latin American countries with three different options.

Full membership could be offered to nations that have achieved substantial reforms and are willing to adhere to a timetable for completing those reforms. Over time, the requirements for accession will become more stringent as NAFTA countries articulate more rigorous rules for their

trade and achieve more of the characteristics of a single market.

Associate membership could be offered to countries committed to a similar range of economic reforms but who may be precluded from seeking full membership because of commitments to a subregional customs union or trade interests outside the hemisphere—for example, Argentina in Mercosur.

Associate status could entail an agreement to eliminate tariffs, quantitative restrictions and some selected nontariff measures (such as government procurement), dispute settlement for dumping and subsidy actions, and an investment, business services, and intellectual property package. In these areas NAFTA rules would govern commerce between full and associate members. In other areas of government policy, WTO rules would continue to determine commercial relations.

New rules established in NAFTA follow-on negotiations would not bind associate members. Such rules would permit full members to move toward

NAFTA. . . creates
much more
than a simple
free trade area.

creating a single market without being constrained by the issues associate members face domestically, in their subregional arrangements, or in their relations with the EU and Japan.

Conditional free trade could be offered to all members of Mercosur, the Andean Pact, Caricom, and the CACM. This could be a more limited package consisting, for example, of tariffs, some concessions on quantitative restrictions, and an investment and intellectual property package mirroring current NAFTA requirements. This would offer participating countries some measure of improved access to the United States market. By withholding liberalization in other nontariff areas and dispute settlement for dumping and subsidy actions, NAFTA members would give countries, like Brazil, an incentive to broaden their reforms and become associate members.

Associate agreements should entail all the benefits and obligations of conditional free trade agreements but not vice versa. This would permit the United States, Canada, and Mexico to offer Mercosur a conditional free trade agreement, and offer Argentina the greater benefits of associate membership without requiring that country to violate its commitment to a common external tariff in Mercosur. Movement in this direction would create a free trade area encompassing all the countries of NAFTA and Mercosur and would establish a more intense exchange of commercial benefits between NAFTA and Argentina.

Some countries might not want to accept the requirements of conditional free trade. For example, although Argentina might find associate mem-

bership or conditional free trade attractive, Brazil might be reluctant to accept disciplines, such as zero tariffs and no quantitative restrictions on automobiles. At that point, Argentina would have to choose its path; it could seek a waiver from the Mercosur common tariff for NAFTA countries.

Even if none of the members of a subregional group were ready for associate membership, the entire group could be offered limited reciprocal free trade. If not all of the members were willing to accept relevant NAFTA disciplines, those that were would have the option of seeking waivers to their common external tariff commitments.

All of this might sound too complicated and unruly. However, the relationship that would evolve between NAFTA, on the one hand, and the associate members and conditional free trade agreement members on the other, would resemble the one evolving among the European countries, the European Free Trade Area (EFTA), and the emerging economies of Eastern Europe—concentric circles of integration with stronger disciplines and benefits for the core countries of NAFTA and the EU.

As EFTA countries have joined the EU, and as the EU-centered network of trade agreements continues to expand, a critical lesson from Europe has become clear: once the process of economic integration begins, it creates its own momentum. The United States should embrace flexibility and acknowledge diversity. It can do more to accelerate economic reform and integration in the hemisphere by accepting the differing circumstances of Latin American countries than by demanding full accession to NAFTA from all potential free trade partners. ■

The United States-UN endeavor in Haiti is set to end only a few weeks after Haiti's new president, René Préval, takes office. Pamela Constable surveys Haiti's political landscape 16 months after the American "intervasion" and Jean-Bertrand Aristide's restoration to power.

A Fresh Start for Haiti?

PAMELA CONSTABLE

When Haitian President Jean-Bertrand Aristide turns over power to his elected successor, René Préval, on February 7, the ceremony will add an important building block to the shaky new structure known as Haitian democracy. American officials will beam on the proceedings with triumphant relief. Having pressed hard for Aristide to leave office on schedule, the Clinton administration can take credit for his capitulation and answer Republican critics who had doubted the wisdom of sending 20,000 American troops to occupy Haiti and restore Aristide to power 16 months ago.

Yet this event will have a sour ring for many Haitians, who feel Aristide was cheated out of most of his presidency by the army coup of September 30, 1991, and who begged him to remain in office another three years. Préval, a low-key politician who once served as prime minister to the charismatic Aristide, has said he will consult often with his predecessor. But many observers regard Aristide as the only person who can unite and pacify the country, and some critics worry that his departure from office, while satisfying Washington's need for some proof of democratic progress, could also increase the risk of political destabilization.

The task ahead for Haiti's new government will be grueling and perilous. One critical area is the economy, which was marginal to begin with and virtually destroyed by the international embargo against Haiti's military rulers between 1991 and 1994. Despite more than a year of international aid and rebuilding efforts, the return of democracy has not made a significant dent in the country's poverty or unemployment.

Foreign companies have remained wary of investing, and light manufacturing for export—virtually the only private industry in Haiti—has barely begun to revive. Despite a commitment to privatize state industries and take other austerity measures, Aristide's government made such little progress in these areas that Prime Minister Smarck Michel resigned in frustration last October and Washington suspended \$4.6 million in economic aid. Préval may prove more amenable to foreign lenders' insistence on such policies, but he lacks the public mandate that enabled Aristide to take some unpopular measures.

A second, equally critical problem is the lack of adequate institutions to provide even rudimentary law enforcement and justice. An untested and quickly trained national police force has just been deployed, replacing a corrupt and brutal security establishment that wielded unchecked power for decades. Human rights abuses have diminished drastically in the year since Aristide's restoration, but the presence of 6,000 United Nations troops during this period has created an artificial sense of security and stability that could easily vanish once those forces depart at the end of February.

A permanent concern is the presence of right-wing military and civilian groups who have bitterly opposed Aristide, and the ever-present possibility of political violence. Last year Haitian civilian authorities complained repeatedly that UN forces had failed to disarm such groups. The judicial system is antiquated and overwhelmed, leaving thousands of prisoners detained without charges and allowing public denunciation and mob killings to remain routine outlets for justice.

As a new government takes office in Port-au-Prince, the substantial successes in the last 16 months—the holding of peaceful if chaotic elections for municipal, parliamentary, and presidential

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offices; the elimination of a system of crude state terror; and the fundamental restoration of human rights—should not be minimized. But advances in establishing formal democracy are little guarantee that a democratic culture is taking root. As long as deep divisions in wealth and ideology exist in Haiti, the trust essential to building a true democratic order cannot fully develop, and the traditional politics of paranoia and greed may reemerge.

The challenges for the Préval administration are daunting: to provide Haitians with a marginally improved standard of living and a basic sense of security with only the most meager of tools at hand; to maintain correct relations with American supporters and foreign lenders without alienating the impoverished majority that has provided the government with a strong popular mandate; and to prevent a weak and fractious political system from falling apart now that its most trusted and persuasive leader is stepping down from power.

HOPE AND REALITY

President Aristide's return to Haiti on October 15, 1994, after three years in exile was greeted with widespread jubilation. Hopes for long-delayed political and economic deliverance soared among a populace that for many months had endured the twin burdens of oppressive army rule and a crushing international embargo. The top military leaders fled the country and order was quickly established by a massive force of American troops. The international community pledged \$1.2 billion in aid to bolster economic recovery, including \$234 million from the United States.

For his part, Aristide vowed to work closely with foreign lenders and Haiti's wary elite, avoiding populist promises and stressing a spirit of national reconciliation. His administration was flawed and faltering, and the sudden power enjoyed by his heterogeneous Lavalas movement led to displays of arrogance, arbitrariness, and internecine warfare. But overall, the democratic and compassionate tone was in pointed contrast to Haitians' prior experience with government by autocrats and thieves. Perhaps the most promising observation came from a group of experts who reported finding "a tentative new sense among the Haitian people that the government exists to serve the people rather than to exploit and plunder them."¹

As the months passed, however, it became clear that neither the economy nor the security establishment would respond quickly or easily to reform, and that Aristide's overwhelming popularity among voters would not necessarily translate into smooth political relations with his supporters at home or in Washington. The balance of power had shifted decisively and rule by fear had been thwarted, but only through the massive display of foreign military muscle that came with a limited mission and timetable. When President Bill Clinton visited Haiti last March to observe the transfer of military command from American to UN forces, Aristide proclaimed the United States occupation a "great success," but he warned that the establishment of democracy could be hindered by a lack of jobs and slow progress in judicial reform.

During the three years of military rule, conditions in all areas of Haitian life—already the most deprived in the hemisphere—had noticeably worsened. Infectious diseases such as cholera and tuberculosis were rampant, and only 40 percent of the population had access to modern medicine. Free public schools were available to only 10 percent of Haitian children, and 80 percent of the populace was illiterate. Deforestation and overfarming had severely eroded the land, and the country of 7.5 million had one of the highest population densities in the world.

The economy had shrunk more than 2 percent annually during the 1980s, then plummeted 30 percent during military rule. Unemployment was estimated at 70 to 80 percent, and annual per capita income hovered at \$250. Streets were pocked with craters, most prisons had no water or electricity, and some judges were without pencils or paper.

Aristide's restored government embarked on a number of ambitious economic reform projects and gradually managed to reduce inflation from 52 to 24 percent. But officials found themselves whipsawed between two demanding constituencies. At home, the left-leaning domestic supporters who had helped sweep Aristide's populist Lavalas movement into power at the polls in 1990—and who harbored a deep mistrust of the international community—pushed Aristide to provide more direct relief for the poor. Abroad, the American advisers who had restored his rule and the international lenders who had pledged large amounts of credit insisted on a program of fiscal austerity and industrial privatization.

Aristide wavered, and tensions reached a crisis point last fall when Prime Minister Michel, who

¹See "Haiti: Prospects for Political and Economic Reconstruction" (Cambridge, Mass.: World Peace Foundation, November 1995), p. 3.

had strongly promoted the privatization program, resigned to protest its slow progress. In turn, the Clinton administration suspended \$4.6 million in aid, and the World Bank and International Monetary Fund held back another \$45 million. Meanwhile Haiti's economic elite, which had been gradually warming to Aristide after years of hostility, recoiled again while new foreign investment proposals ranging from tourism to cellular phones to textile assembly plants were stalled. In essence, Haiti's economy remained dependent on a stagnant combination of subsistence agriculture, aid and remittances from abroad, and state-monopoly production of basic goods.

As popular hopes for an economic turnaround faded, impoverished Haitians once again began fleeing to sea—a phenomenon that had swelled to tens of thousands of “boat people” during military rule but then had dropped to virtually zero with Aristide's return. In November the United States Coast Guard intercepted more than 1,100 Haitians at sea, stirring fears in Washington that a new mass exodus would undermine domestic support for the administration's Haiti policy—just when the critical test of its new democracy was scheduled. The surge dropped off after all the would-be refugees were forcibly shipped back to Haiti, but the sense of economic despair continued to deepen as month after month of democratic rule failed to bring investment and jobs.

AN INSECURITY POLICY?

Efforts to provide justice and security proved equally thorny for the restored government. At first, the end of military rule and the arrival of friendly foreign troops brought enormous relief to a populace accustomed to threats, beatings, and extortion from the police and army. Human rights violations, which had included torture, arrest without charge, and assassinations by military and paramilitary forces, dropped dramatically. Press freedoms, severely curtailed under military rule, were fully restored. American Justice department officials agreed to train and create a new national police force, and thousands of eager and jobless young men applied. United States assistance was also provided for judicial reform, from training illiterate judges to providing adequate courtrooms. Finally, the National Commission for Truth and Justice was established to examine past human rights abuses.

But this considerable progress was marred by several outbursts of political violence, by mistrust and confusion over the composition of the interim police force, by lagging judicial reforms, and by ongoing concerns about the presence of armed rightist groups inside the country. In addition, despite the massive security support provided for Aristide's government by American troops and then by UN peacekeepers, a series of troubling incidents during 1995 suggested that American military and intelligence authorities were maintaining close ties with former Haitian army leaders and rightist figures. Relations between Washington and Port-au-Prince, long characterized by mutual apprehension and mistrust, nearly collapsed during the crucial period leading up to presidential elections in December.

In sharp contrast to the 3,000 to 4,000 deaths attributed to state violence during military rule, un human rights monitors reported about 20 political killings during the year after Aristide's return. The victims included four former army officers, three interim police officers, and three former attachés, or paramilitary agents. One publicized incident was the slaying last March 28 of Mireille Durocher Bertin, a rightist lawyer and opponent of Aristide who was gunned down on a busy Port-au-Prince street. In August a conservative American newspaper columnist, Robert Novak, alleged that pro-Aristide forces were responsible for 80 killings. Last

month United States officials acknowledged, at a congressional hearing, that they suspected members of Aristide's security forces in the Durocher killing, and FBI officials complained that they had not received adequate cooperation from Haitian authorities in the case.

On November 7, an equally dramatic assassination—this time against the government—unleashed a series of events that threatened to throw the country into turmoil. Jean-Hubert Feuile, a newly elected legislator who was a cousin and close friend of Aristide, was slain by heavily armed gunmen. At his funeral the shaken and angry president gave a fiery speech, castigating foreign troops for failing to disarm the right and urging his supporters to finish the job. Scattered rioting erupted, and critics accused the president, a former radical priest and mesmerizing speaker, of inciting mob violence. As often in the past, what Aristide actually said could be interpreted several ways.

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Plans to purge and revamp Haiti's security forces after Aristide's return were only partially successful. First, an interim, 2,600-member police force was established to replace the dismantled former force, but most members were former soldiers. At the same time, recruitment and training began for the new 6,800-man national police under close supervision by United States Justice department officials. Tens of thousands of young men applied, and Haitians welcomed the idea of a democratic, non-threatening police force. By year's end there were about 3,000 men in the field.

But as the February 29 deadline for the UN troop withdrawal loomed, complaints mounted that the recruits were too raw, too quick to shoot, and ill prepared to fill the security void. Yet the Aristide government's decision to include 1,000 former soldiers in the new police force to add a measure of experience provoked controversy because of the army's record of abuses. A number of experts and United States officials have recommended keeping a contingent of UN troops in Haiti for an extended period of time, but such an arrangement would have to be negotiated by the incoming administration; moreover, keeping any American troops in Haiti beyond the agreed withdrawal date would be difficult for the Clinton administration to justify to Congress and the public.

Judicial reform under Aristide proceeded in fits and starts, with investigations and prosecutions conducted in only a few cases of military abuses or killings. In part, progress was blocked by the refusal of United States authorities to turn over thousands of documents they had seized from the army and rightist paramilitary groups. American military and intelligence officials had always been deeply suspicious of Aristide, and some Haitians believed the Americans were trying to protect individuals who had supported the 1991 coup. Aristide repeatedly demanded the documents be returned, and in November the United States agreed to comply.

The struggle over ownership of the documents was not the only evidence that, despite the strong White House commitment to Aristide, United States military and intelligence forces remained close to Haitian rightists and former army officers who had opposed him. There were press reports that the alleged assassin of Haitian Justice Minister Guy Malary in 1993 had been a paid informant for the United States Drug Enforcement Agency. A former Haitian general, Prosper Avril, suspected of plotting to kill Haitian officials, slipped out of the country after being visited by United States diplo-

mat. Emmanuel "Toto" Constant, the leader of the notorious right-wing group, FRAPH, declared while being held in an American prison that he had been paid by the CIA during and after the 1991 coup. And a group of extremists in the United States Special Forces asserted that they had helped Haitian soldiers hide their weapons during the occupation. These developments bolstered many Haitians' long-time belief that Washington was not a trustworthy ally.

DEMOCRACY: MORE THAN JUST A WORD

Despite the continuing burden of poverty, the unresolved problems of justice, and the tension between American and domestic political demands, Haiti's new democracy remained on track—although barely on schedule and several times nearly derailed. Local and parliamentary elections were held on June 25, 1995, but only after repeated delays kept Haiti's parliament from meeting for most of the year. The preparations were strongly criticized as inept and mismanaged, both by Aristide's domestic opponents and by visiting election experts affiliated with the Republican Party in the United States. There were 25 parties and 12,000 candidates registered to run for 18 of 27 Senate seats, all 83 Chamber of Deputies seats, and several hundred local posts.

Aristide's Lavalas coalition was expected to sweep the polls, but the vote was regarded as a crucial test of whether his government could hold fair and credible elections; it narrowly passed the test. Voter turnout was high and the balloting, which was widely criticized as chaotic and badly organized, was monitored by both Haitian and international observers. Although free of the state-sponsored violence that had sabotaged some previous elections, the vote was marred by several incidents, including the murder of several candidates. In an especially murky and confused contest for mayor of Port-au-Prince, Evans Paul—the most popular politician in Haiti after Aristide—was defeated by folksinger Manno Charlemagne, who ran as an independent with support from the Lavalas movement.

Soon after the vote, election officials announced that Lavalas candidates had won most contests, but the leaders of 23 parties were so suspicious that they demanded a new vote. Under both American and UN pressure, officials agreed to hold make-up elections in August as well as second-round parliamentary elections in September. Far fewer problems were reported in these polls, and Lavalas-affiliated candi-

dates easily won most contests, including 17 seats in the Senate and 65 in the Chamber of Deputies.

Plans for presidential elections were far more contentious and uncertain, and it was not even clear they would take place until several weeks before the vote was finally held on December 17. Aristide, who had set a promising tone of reconciliation and restraint for much of the year, nearly capsize the process by last-minute wavering on turning power over to a successor. The 1987 constitution barred him from seeking immediate reelection, and he had promised the Clinton administration he would step down on schedule in return for the United States support that restored him to power. But many of his supporters and allies, especially from the left-leaning wing of the Lavalas movement, demanded that he remain in office three more years to compensate for the time Haiti had been under military control.

During the months leading up to the election, Aristide vacillated between promises to leave office and hints to supporters that he would stay on, and the polling date was pushed back several times. Aristide was said to have chosen René Préval to run in his stead, but he did not endorse him until a week before the election. On November 24, angry over the murder of his cousin and the lack of American cooperation on justice issues, Aristide hinted strongly that he would remain in office, telling a jubilant conference of supporters, "If you want three years, I will walk with you."

This declaration threw United States officials into such panic that Anthony Lake, President Clinton's national security adviser, held a private three-hour meeting with the Haitian president. Shortly thereafter Aristide summoned foreign reporters and told them he would step down on schedule. Plans for the election hurriedly resumed, but campaigning was lackluster and Préval's victory was widely assumed. The 51-year-old agronomist, a shy man who had long been a close adviser to Aristide and was known popularly as his "twin," toured the countryside briefly, pledging to govern in concert with the outgoing president.

On December 17, with less than a third of Haitians going to the polls and few disruptions reported, Préval was elected with about 80 percent of the vote. He became the second democratically elected president in Haiti's bloody, 191 years of

independence. And on February 7, Aristide will become the first to transfer power peacefully to a popularly chosen successor. Although it is a bitter pill for Aristide and a bewildering punishment for many of his loyal supporters, the turnover will make him a powerful example of self-sacrifice to the cause of democracy—while very likely remaining an important influence on Haiti's affairs for years to come.

It is hard to predict what kind of leadership Préval will provide or how much his thinking will diverge from Aristide's; his few campaign statements focused largely on his identification with Aristide. The son of a middle-class family that fled during the repressive regime of the Duvalier family in the 1960s, Préval studied in Belgium and returned in 1982 to operate a bakery. Becoming active in antiregime politics, he joined Aristide's first presidential campaign as a behind-the-scenes adviser. After taking office in 1991, Aristide named him prime minister. Though nearly invisible in the post, Préval infuriated Aristide's conservative parliamentary opponents by ignoring their demands, leading parliament to try to censure him, which led to violent street riots.

In recent months Haitian officials have described Préval as a pragmatist with a sounder understanding of economics and a more worldly approach than Aristide, a description that is already being tested as the incoming president negotiates with United States officials and other foreign donors over restoring aid and credit. But the nation's moneyed elite has long viewed him with the same suspicion and hostility as they have the outgoing president, and United States officials are not much more sanguine.

As Préval takes office, Haitian society remains deeply divided, with weak political institutions and a democratic culture that has rarely produced more than flowery speeches. During his five-year term the new president will have to rely on Aristide's counsel and charisma to help him remain popular with average Haitians at home; he will also have to prove his independence and pragmatism to remain on good terms with foreign allies, creditors, and potential investors. The trick will be to accomplish both—or at least to keep the inevitable tensions from tearing Haiti's democratic experiment apart at the seams. ■

In recent months Haitian officials have described Préval as a pragmatist.

In his evaluation of Peru's progress under Alberto Fujimori, David Scott Palmer is optimistic with reservation, noting that although "Peru has made dramatic progress on many fronts since the dark days of 1990, [there] are some disquieting signs. . . Chief among them is Fujimori's personalist approach to decision making and the democratic process."

"Fujipopulism" and Peru's Progress

DAVID SCOTT PALMER

President Alberto Fujimori's extraordinarily high popular approval ratings of around 80 percent late last year reflect a general perception that he has led his people out of the desert and into, if not the promised land, at least the prospect of a more stable, predictable, and prosperous future. Most analysts of Peru are uncomfortable with Fujimori's personalistic leadership style and unorthodox approach to government—so much so that one has labeled it Fujipopulism.¹ Despite this criticism, there is no gainsaying his government's genuine accomplishments over the past five years.

A TELLING COMPARISON

Alberto Fujimori inherited a truly massive combination of crises when he first took office on July 28, 1990. The economy had declined by over 30 percent in the course of the previous three years. Real wages were below 1970 levels. Inflation in 1989 had run at over 2,600 percent and continued to increase at 40 percent a month. Neither interest nor principal had been paid on the \$23 billion foreign debt in over two years. Political violence claimed at least 2,877 lives in the year before his election and had totally disrupted the November 1989 municipal vote in much of rural Peru. The approval ratings of the incumbent president, Alan García Pérez, were in the single digits. The central government's presence was virtually nonexistent in many outlying areas. Drug production and traffick-

ing out of the Upper Huallaga Valley, the source of almost two-thirds of the world's coca leaf for cocaine, proceeded apace. Maoist Sendero Luminoso (Shining Path) guerrillas were on the move, claiming that their grotesque and apocalyptic "New Democracy" was at hand.

By April 1995, when Fujimori was reelected with 64 percent of the valid vote, most of these crises were but painful and receding memories. Inflation was down to 15 percent in 1994. Economic growth was 12.9 percent for that year, the world's highest. Peru had resumed regular interest payments in 1990 to the international financial institutions holding its foreign debt, which had the effect of slowly restoring Peru's economic credibility on the world scene. Political violence had declined by the end of 1994 to about 20 percent of 1990 levels (from 2,779 incidents and 3,745 deaths to about 650 incidents and 600 deaths). The long-feared head of the Shining Path, Abimael Guzmán Reynoso, was in jail serving a life sentence without parole. While serious problems remained, order had largely been restored, the central government was once again functioning and visible, and the economy was growing again.

What explains Peru's dramatic turnaround between 1990 and 1995? Peru's situation was truly grave in 1990, and the traditional political parties had discredited themselves by their failure during the past 10 years to use the democratic process to help solve the country's problems. As a result, a significant proportion of the Peruvian population turned to a presidential candidate without party ties or experience in politics and, after his startling victory, was willing to let him take drastic steps to try to reverse the country's accelerating downward spiral. A majority continued to support him in controversial initiatives after his earlier measures had

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¹The term "Fujipopulism" is drawn from the ongoing work on Peru by political scientist Bruce H. Kay at the University of North Carolina.

produced results. For most of his time in office, then, President Fujimori has had sufficient political space to carry out whatever policies he felt were appropriate to deal with Peru's various problems.

On taking office on July 28, 1990, Fujimori's first priority was to deal with the dire economic situation. Within days he introduced a dramatic economic shock program. In short order the government removed subsidies, reduced tariffs, overhauled the tax structure, and slashed government employment. After several months of dramatic price rises (inflation for 1990 topped out at a staggering 7,650 percent), the hyperinflationary cycle was broken (139 percent in 1991, 55 percent in 1992, and 27 percent in 1993). Even though poverty effectively doubled almost immediately in 1990 as a result of the drastic application of the economic stabilization program, the president's approval ratings actually increased. Such levels of support probably resulted more from the rapid breaking of the inflationary spiral than any other single factor. Fujimori would become Peru's only modern head of state whose popularity remained around or above 50 percent throughout most of his five-year term in office.

Lacking an organized political base and with a minority in congress, Fujimori forged an alliance with the military and intelligence services that enabled him to move forward with his program despite the opposition of the traditional parties, which still controlled both houses of the legislature and some economic interests as well. This alliance was sustained even though the president ran roughshod over their largely merit-based promotion system to get his supporters into key positions. Dissent within the officer ranks surfaced from time to time, including periodic leaks to the press by an army group committed to restoring professionalism that substantiated several military human rights violations.

In the most spectacular case, the dissidents provided the Lima weekly *Sí* with a map that enabled reporters to discover the burial site of the students and professor killed in the July 1992 La Cantuta disappearance case. This and additional information concerning the case, which was also leaked, contributed to the trial and conviction of several army personnel. A senior army officer, General Rodolfo Robles, alleged to have been one of the "constitutionalist" officials responsible for making public the information related to the Cantuta case, was forced to resign and fled to Argentina. Another example involved preliminary conversations among

a dissident army faction concerning a possible military coup against President Fujimori. The alleged plan was discovered, and the senior military officer accused of involvement, General Jaime Salinas Sedó, was arrested, tried, convicted, and imprisoned. Despite such rumblings, however, most of the military remained loyal to Fujimori. "We have no place else to go," noted one senior officer.

SKILL, LUCK, AND PROACTIVE COUPS

With little bargaining capacity in the international arena, Fujimori's government played on United States concerns about drug trafficking and the Shining Path threat to successfully negotiate in mid-1991 an assistance agreement under the Andean Strategy/War on Drugs rubric. The agreement provided for substantial economic aid, but also included a smaller military component (ostensibly to fight drug trafficking, but also to reduce Shining Path influence in the Upper Huallaga Valley). The Fujimori government repeated the pattern of negotiating successfully from weakness on several other occasions with the Organization of American States (OAS) after the April 1992 *autogolpe* (self-administered coup suspending democracy and assuming emergency executive powers), with the international financial institutions at a number of critical junctures, and with the international private banking community in October 1995.

President Fujimori also undertook diplomatic initiatives with his neighbors—principally Ecuador and Chile, but also Bolivia—to reduce border tensions. These personal contacts, complete with visits to each country, helped free up, over the course of 1991, some Peruvian military border forces to pursue the internal fight against Shining Path guerrillas. Until these conversations, it was estimated that over 80 percent of the Peruvian armed forces were deployed in border defense, even though the greatest security threat to Peru was that posed within the country by the Shining Path. The internal redeployment that followed contributed to the government's ability to pursue the guerrillas with greater success after the capture of Guzmán in September 1992.

Fujimori also got lucky. His April 5, 1992, *autogolpe* had provoked the immediate cutoff of all United States military assistance, much economic aid, and goodwill. It also set back economic recovery by at least 18 months with the suspension, at United States insistence, of about \$2 billion in financial assistance packages from the international economic community. Although the *autogolpe*

proved wildly popular among Peruvians, most analysts labeled the move an ill-considered blunder that would reverse the progress made by Peru's government in dealing with its many problems and give new momentum to the guerrillas.

On September 13, 1992, however, a small police intelligence unit that had been set up by the García government, the National Directorate Against Terrorism (DINCOTE), succeeded in tracking down and capturing the Shining Path's top leader, Abimael Guzmán, and some of his key subordinates. DINCOTE also gained control of the guerrilla organization's master computer files. The combination instantly reversed the Shining Path's momentum and gave the Fujimori government an immense psychological boost. These events also served to legitimate, however undeservedly, the president's suspension.

Although the autogolpe represented a major setback for Peru on the international scene, diplomatic skill rather than luck helped restore the country's standing. Within a month of suspending democracy, Fujimori had before the OAS foreign ministers' meeting committed Peru to the restoration of democratic procedures "within a year." Step by step, democratic forms were restored, along with a new constitution—all very much on Fujimori's terms. Constituent assembly elections were held in November 1992, shortly after Guzmán's trial and conviction, with Fujimori supporters gaining a majority. The new constitution was narrowly approved in an October 1993 referendum.

The 1993 constitution became the basis for a more centralized, executive-dominated, unicameral political system and for a free-market-oriented economic system as well. The new constitution also permitted immediate reelection, of which Fujimori successfully availed himself in the April 1995 national vote. Fujimori's progress toward the restoration of economic stability and some social order gave the president and his supporters the political space needed to fashion a project for governance that restored democratic forms. It was also a system that was much more centralized, more subject to Fujimori's personal control, and less beholden to party and professional organizations.

With the economic stabilization program in place, a new and enforced tax code radically increasing government revenues, Shining Path's capacity for mischief sharply reduced, and a more

predictable political model in the offing, the privatization program could and did move forward without sacrificing government capacity. After selling only 2 public firms in 1991 and 10 in 1992 (for a total of just \$214 million), the government added another 51 to the private sector in whole or in part by mid-1995 for about \$3.5 billion. In addition, buyers agreed to invest an additional \$4 billion or so as part of the agreements. Peru's record foreign exchange reserves of \$7 billion (as of July 1995) were largely the result of such privatizations and other foreign investment inflows. Even the tiny Lima stock market experienced record gains and inflows of some \$1.6 billion in foreign portfolio investment.

Topping off other positive economic developments for Peru was the Brady plan, a debt restructuring named after former United States Treasury Secretary Nicholas Brady and successfully negoti-

ated with several Latin American governments after 1989. The agreement was reached on October 27, 1995, between government authorities and a consortium of some 250 private foreign banks led by New York's Citibank. The arrangement, due to be signed in the first months of 1996, is expected to reduce the country's total foreign private debt of \$8.8 billion by about 45 percent. An unusual and controversial feature is that an estimated \$1.4 billion buyback by the Peruvian government of its own debt on the secondary market—an explicit violation of the terms

of the original loans—may be included in the settlement. While Peru will pay out up to \$800 million a year to meet its obligations under the new agreement, the country has finally normalized its international financial situation. As a result, threats of lawsuits and embargoes should end, interest rates should fall, access to long-term capital should increase, and terms of upcoming bilateral debt renegotiations under the auspices of the Paris Club (which is composed of the wealthier members of the IMF) should become more favorable.

POTENTIAL TREMORS

While these political and economic developments are among the most important in restoring a sense of stability and order after so many years of crisis and chaos, a number of underlying problems remain that give pause to many observers of Peru. Chief among them is the personalistic and anti-institutional approach to governing Fujimori

Most of the military remained loyal to Fujimori. "We have no place else to go," noted one senior officer.

has pursued as head of state. His observation on the day of his April 9 reelection that he would practice "direct democracy, a personal relationship with the people, without parties or intermediaries," suggests the difficulties in achieving democratic institutionalization or consolidation under "Fujipopulism." Peru's special circumstances—successive elected government failures in which traditional parties predominated—help explain why Fujimori's "anti-institutional route" was possible. However, the president's personalistic style also presages a difficult transition when he is no longer in charge. Caudillo or strongman rule may have been possible in simpler times. Peruvian reality at the dawn of the twenty-first century is anything but simple, and personalistic rule is an anachronism and endangers future stability.

Many economists are concerned about where future capital for investment and social spending in Peru will come from once the flood of privatizations runs its course. Domestic savings are very low. Current account deficits run at some \$3 billion a year, in part the result of an overvalued exchange rate. This means that the country depends on international capital transfers for economic growth. What will replace privatization and related foreign investment as they decrease? There is no clear answer as yet, and some economic analysts are predicting a severe credit crunch for Peru by 1997 or 1998.

Human rights proponents, many Peruvians, and the United States and other governments were outraged by the blanket amnesty for all abuses that might have been committed during the 15 years of the "antiterrorist fight" (May 1980–June 14, 1995)—that was declared in June 1995 by the newly reelected president and rammed through the compliant lame duck congress without debate. The amnesty applies "regardless of whether the involved military, police, or civilian personnel are accused, under investigation, under prosecution, or sentenced; all judicial cases, whether in proceedings or carried out, are thus hereby definitively shelved." This law absolved military personnel convicted or in the process of being tried for a number of alleged abuses, including the 1992 Cantuta case. Although the provision also freed General Salinas and amnestied officers convicted of coup planning, both local and foreign press accounts correctly interpreted this ruling as protecting the military and police from legal prosecution for excesses committed during the government's antiguerrilla campaign. Such blatant disregard for justice and accountability in order to protect the president's principal ally

was cited by many as one more illustration of the head of state's willingness to bypass legal due process for personal expediency, thereby overriding any midterm possibility for democratic consolidation.

Though clearly diminished in scope and capacity, guerrillas—mostly from the Shining Path—continued to function in various parts of Peru. Reverting to tactics followed at an earlier stage of their "people's war," Shining Path forces attacked and briefly occupied a score of district and even provincial capitals, killing police and military personnel, burning local constabularies, and capturing weapons stocks. By August 1995 more incidents and deaths due to political violence had been recorded in the first eight months of the year than during all of 1994. While few believed that the Shining Path was still capable of posing a serious threat to the government, Fujimori was unable to fulfill his oft-stated promise to rid Peru of the guerrilla presence by 1995. Even so, grateful applause for the government's ability to gain the upper hand in a conflict that had cost over 30,000 lives and \$14 billion in direct damages since it had begun in 1980 was virtually universal among Peruvians.

The capture of Guzmán and the master computer files was the single most significant step in the pacification process, but also of great importance were the so-called repentance laws. The program, which was in place between 1992 and 1994, provided for a variety of benefits for guerrillas and their supporters who surrendered to security forces. Over the 30 months the repentance laws were in effect, 5,516 individuals from Shining Path and 814 from the Túpac Amaru Revolutionary Movement turned themselves in under their provisions, according to official figures. More controversial was the government strategy to use consultations among and communications from the captured leaders of the Shining Path to divide the guerrilla forces still at large. After numerous conversations with government intelligence chief Vladimiro Montesinos, and in exchange for additional prison privileges, Guzmán wrote a letter in September 1993 acknowledging for the first time the legitimacy of the government of Peru and Fujimori and asking his followers to lay down their arms to pursue "peace negotiations."

Fujimori caused a sensation when he made the letter public in a speech before the UN on October 1, 1993. Over the course of the month, additional correspondence was made public, including a joint letter from Guzmán and other members of Shining Path's central committee who were in jail. However,

as it became clear that the group's members were being brought together by the government from their prison cells around the country, that at no point had the imprisoned leadership renounced the validity of armed struggle, and that the release of correspondence seemed to be timed to influence the upcoming national referendum on the new constitution in the government's favor, initial enthusiasm turned to cynicism. One reason why the October 1993, constitutional referendum was so close (52 percent to 48 percent in favor) was growing popular concern about this strategy and the apparent willingness of the president to use the terrorism card to manipulate public opinion in his favor.

TOP-DOWN DEMOCRACY

Fujimori's reelection last April was observed officially by scores of invited foreign emissaries and thousands of Peruvians representing national and international nongovernmental organizations. The observers' overall conclusion was that the election was "free and fair" despite some local irregularities. Both the national and international media duly reported his convincing 64 percent electoral mandate and the somewhat more surprising majority garnered in the simultaneous congressional vote (67 of 120 seats).

Less publicized, however, were the preelection machinations to enhance chances of the incumbent's success. The government used multiple strategies to encourage opposition candidates to run for office—and 13 ultimately did—thereby dividing the anti-Fujimori forces. New political groupings found easy access to both the presidential and congressional ballot (which came to include 19 opposition slates), thus further weakening traditional party loyalties. After the electoral dust settled, no established party received the minimum 5 percent of the vote required to continue as a legally constituted political organization.

The procedure in force for the 1985 and 1990 presidential elections calculated the vote as a percentage of all ballots cast; for 1995 it was on the basis of valid vote only (that is, not counting blank and spoiled ballots). This change boosted the leading presidential candidate's support by more than 20 percent over previous elections. In other words, had 1990 rules been in effect, Fujimori would still have won a majority on the first round, but with about 52 percent rather than 64 percent.

Other adjustments favoring Fujimori included a presidential ballot with candidates' pictures and a central position on the ballot for him, with a blank space on either side. This served to draw a voter's attention to his location on the ballot rather than to that of an opponent. The most significant change, of course, was the 1993 constitutional provision permitting the incumbent's immediate reelection, a feature most Latin American democracies eschew to prevent long-term rule by heads of state (the only current exceptions in the region are Argentina and the Dominican Republic). Electoral democracy it was, to be sure, but manipulated in multiple ways to favor the incumbent and the congressional candidates who supported him.

AT WAR WITH ECUADOR

It is a political axiom that provoking an international crisis is the best way to divert public attention from domestic issues. In Peru's case, however, the outbreak of hostilities with Ecuador on January 26, 1995, was almost certainly not such an example—notwithstanding Fujimori's running controversy then with his would-be presidential candidate, hunger-striking wife, Susana Higuchi. Before international mediators were able to work out in mid-March the terms of a February 17 peace declaration with both parties, the fighting had caused both countries about 300 casualties and cost their governments

approximately \$500 million. It was the most violent episode in a long-running border dispute since the brief 1941 Peru-Ecuador War.

That conflict had been settled, presumably once and for all, by the 1942 Rio Protocol. Under its terms, Ecuador gave up its claims to a significant chunk of the Amazon basin; moreover, a definitive border was agreed to that both sides were to mark off in a joint boundary commission, and the mediating countries (Argentina, Brazil, Chile, and the United States) would serve as guarantors. However, when aerial photography presented in 1947 revealed the existence of a mountain range (the Cordillera del Condor) and a river (the Cenepa) in the border area that were not previously known to exist, the boundary commission left that small area (about 50 miles) unmarked.

In 1960, Ecuadorean President José María Velasco Ibarra unilaterally renounced the Rio Protocol and reasserted Ecuador's claims to the Ama-

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zon basin territory. Problems along the border have occurred periodically ever since, especially within the still unmarked 50-mile section. From Peru's standpoint the issue is settled, and the Rio Protocol guarantor countries mediate any disputes. From Ecuador's perspective the issue is not resolved because that government holds that the Rio Protocol border deliniation provisions are inexecutable due to the discovery, subsequent to signing the protocol, of the river and mountain range. Before the 1995 outbreak, the most serious breach of the peace had occurred in 1981, when Peruvian forces discovered Ecuadorean military incursions along the unmarked section of the border, quickly beat back the intruders, and then called on the Rio Protocol guarantors to mediate. Almost every January since, minor incidents have occurred in the same area; there was no reason to think that 1995 would be any different.

The conflict evidently broke out this time because local Peruvian officers stationed in the area decided to take matters into their own hands, charged off to take on the Ecuadoreans, and were decisively beaten back. When the Peruvian military rushed its forces to the Ecuador border area to respond, it found its counterparts much better prepared and equipped than expected and, unlike in earlier years, willing to stand and fight. Furthermore, it turned out that Ecuadorean forces had established, at least since 1991, a permanent presence complete with hardened bases in the Cenepa River area that Peruvian authorities have consistently determined to be their territory. For all the bluster in the Peruvian media that the bases held by Ecuador had been recaptured and that "there was not one Ecuadorean soldier left on Peruvian territory," Peruvian forces were not able to dislodge their adversaries from two of the three main bases that they held and lost as many as nine aircraft in the process. Clearly, this round went to Ecuador.

Peruvian diplomats, however, made a virtue of necessity. They invoked a unilateral cease-fire and called on the Rio Protocol guarantor countries to oversee the withdrawal of the Ecuadorean troops that Peru's military had not been able to remove by force. Ecuador accepted, somewhat surprisingly, given its long-standing opposition to the protocol. The Peru-Ecuador Mission of Military Observers, made up of military personnel from each guarantor country, was set up in March 1995 and began to implement the peace process. They have successfully overseen the establishment of a demilitarized

border zone and will continue in the area until March 1996 to help the military forces of both countries further defuse any lingering tensions. In January, the countries' foreign ministers are scheduled to meet in Lima to begin the process of trying to solve underlying issues. This will not be an easy task for Ecuador especially, since this is an issue laden with emotional nationalism. Despite the best efforts of the diplomats, the Peru-Ecuador border problem is likely to continue to defy a definitive resolution.

THE DISQUIETING SIGNS

Peru has made dramatic progress on many fronts since the dark days of 1990. The economy has stabilized and is growing again. Privatization and foreign investment are adding significant new resources for the country, and it is the most recent beneficiary of a Brady plan to reduce the foreign commercial debt burden and to normalize international financial relations. The guerrilla problem has abated and a sense of order has been restored. National reconstruction is going forward. Some public works are beginning to reach the most needy segments of the population. Fujimori has indeed earned the high levels of popular support he receives.

There are some disquieting signs, however. Chief among them is Fujimori's personalist approach to decision making and the democratic process—from amnesty to public works. The need to make substantial improvements in living standards for the poor majority is another. Competition for scarce resources could increase, however, if the government responds to the military's needs, in light of its somewhat humbling experience in the recent confrontation with Ecuador, for substantial equipment upgrading. The guerrilla problem, although dramatically reduced, is not yet eliminated. There are few institutional constraints on Fujimori's exercise of power. The new congress, led by Fujimori supporter Martha Chávez, is to date a compliant tool of the head of state. The traditional parties are demoralized and disorganized, and need to reconstitute themselves from the ground up before they can expect to play a major constraining role in the current political process.

Peru's significant progress since 1990 thus rests on a delicate political foundation that is personalistic and uncomfortable with political institutions—a combination that tends to be unstable over time. The main challenge Peru faces is converting significant progress into stable institutional development. ■

"Colombian politics during the past 15 years has been shaped by tension between counterinsurgency and human rights; between internal war and negotiation; between accommodation and resistance to the influence of drug entrepreneurs; and between institutional innovation and the status quo. The 1995 drug scandal has tipped the scales away from reform."

Colombia's Fault Lines

MARC W. CHERNICK

In 1995, over a decade of escalating violence, guerrilla wars, and antinarcotics programs culminated in a crisis that threatened to bring down Colombian President Ernesto Samper after only a year in office. The catalyzing issue was whether Samper knowingly took money from the Cali drug cartel to finance his 1994 presidential campaign. The issue heightened concern over political corruption and the ability of large international criminal organizations, especially drug-producing enterprises, to undermine democratic governments. It also underscored the pressure that the United States was willing to place on Colombia in order to bring the Colombian government in line with United States antinarcotics policy.

It was the United States Drug Enforcement Agency (DEA) that originally provided the now famous "narcocassettes": recordings of conversations between Cali cartel leaders and officials of the Samper campaign. These cassettes and other documents captured from the Cali cartel led to the arrest of Samper's campaign treasurer, Santiago Medina, on July 26, 1995. Under questioning, Medina declared that he had received money from Cali cartel officials. He then announced that these transactions were authorized by Samper and Fernando Botero, the Samper campaign manager who was later named minister of defense.

Medina's accusations sparked a presidential crisis. Bogotá became a den of rumor and innuendo. Feeding the confusion, Minister of Defense Botero unexpectedly resigned within days of Medina's charges. A week later he was arrested. For the next

six months, President Samper was left on the edge of a precipice as he awaited the outcome of formal investigations by the congress and the attorney general. In December the congressional committee investigating the case finally declared that there was insufficient evidence to impeach the president. A chastened Samper declared victory, although for many—including the United States—the issue remained unclarified. It was indeed an uncertain exoneration as the independent fiscal prosecutor still had the case under investigation, and prominent individuals, such as Botero, were still imprisoned.

Like most crises, the issues at stake were greater and more complex than those found in newspaper headlines. With the presidential crisis a number of critical policy issues and reforms were also placed in jeopardy. Colombia had long been confronting the rise of a new economic elite associated with drug trafficking and a growing deterioration of the state's institutional and political authority. A decade of almost perpetual crises had led to successive waves of institutional reformism and innovative politics designed to expand political participation, negotiate an end to guerrilla insurgency, and ensure an effective system of justice that could prosecute crime and end impunity.

The crisis of 1995, by weakening but not unseating the president, was transformed into a frontal assault on the reformist agenda that had been pursued by leading elements of the state, successive governments, and many sectors of civil society. It threatens to roll back major changes that had been made in human rights, democratic participation, and the search for peace with the country's armed opposition movements.

THE DAMAGE DONE

Under great pressure from the United States, the

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Samper administration arrested the entire leadership of the Cali cartel during its first 18 months in office. Moreover, the administration initiated the most extensive crop-eradication program in Colombian history. Still, the Clinton administration only reluctantly "certified" to Congress that Colombia was making progress in its antinarcotics program. Following the June 1995 arrest of the senior Cali trafficker, Gilberto Rodriguez, the DEA and the State department began to back off, since United States antinarcotics policy seemed to be bearing fruit.

However, United States antinarcotics pressure became enmeshed with Colombian domestic politics. The narcocassettes had been first introduced publicly by the losing candidate in the 1994 presidential elections, Andres Pastrana, who had obtained them from the DEA. The evidence was such that Colombia's fiscal prosecutor's office opened an investigation into the rôle of the Cali cartel in secretly financing political campaigns. Dozens of congressmen were placed under investigation, as were the directors of Samper's presidential campaign.

The fiscal prosecutor questioned Samper's former campaign treasurer, Medina; checks used in the campaign had been traced directly to the Cali cartel. When confronted with the evidence, Medina charged that the orders came from President Samper and Minister of Defense Botero.

The spectacle of a young, civilian, and reformist defense minister being escorted to prison sent shock waves throughout the nation. The event also did not pass unnoticed internationally. Only days before his arrest, Botero had been publicly praised by Vice President Al Gore at a summit meeting of the Western Hemisphere's defense ministers. The day after the summit Botero had also taken the unusual step of convening a meeting with human rights leaders in Washington to explain the country's progress in that area.

After Botero was imprisoned, Samper came under attack by prominent members of his own Liberal Party. Rumors of impeachment circulated while Bogotá television news repeatedly broadcast video clips from the Watergate hearings and the resignation of President Richard Nixon. Samper, on the defensive, meekly declared that, "If it is proven that monies infiltrated my campaign, it could have only occurred behind my back." It was an old political dilemma: damned if you knew, inept or irresponsible if you did not.

The president asked the Liberal-controlled congress in August 1995 to open a full investigation, which it did. Almost every day, another promi-

nent politician seemed to call for the president's resignation. Samper limped on, declaring repeatedly that he would not resign. Some high-level officials privately and publicly suggested a conspiracy by the DEA, which only further strained United States-Colombian relations.

Finally, last December, congress issued its report: drug monies had infiltrated the Samper campaign. However, the committee declared that after a detailed investigation there was insufficient evidence to implicate the president.

The six months of congressional hearings and the fiscal prosecutor's investigation had, however, severely damaged the Samper administration and its initial promise of reform. Although it now seems unlikely that Samper will be impeached or will resign, his ability to govern has been severely compromised.

With the drug scandals, Samper has been forced to back away from his earlier reforms to survive politically, even as he denies reversing course. This means increased reliance on the military and the political bosses in the Liberal and the Conservative parties. It means greater concessions to the United States and the prioritization of United States strategies in the drug war. It means less attention to human rights, institutional reform, or negotiated peace. And it means the end to and the reversal of 15 years of institutional change and reformism. This is the real tragedy, as will be seen.

LA VIOLENCIA II?

Since the early 1980s, when levels of violence began to spiral upward in Colombia, analysts have spoken of political crisis. By the 1990s, political murder, disappearances, kidnappings, and mass killings began to approach levels not seen since *La Violencia* ("The Violence") of the 1940s and 1950s, when an estimated 200,000 people were murdered in fighting, mainly between members of the Liberal and Conservative parties. Yet by the 1980s these two traditional parties no longer commanded the hereditary loyalties of the past. Moreover the National Front, the pact that had ensured coalition rule and peace between the two parties after its instauration in 1958, had become an obstacle to the emergence of a more plural and participatory regime.

Power sharing between the Liberals and Conservatives, which was at the heart of the National Front, was to have ended in 1974. However, the leaders of the Liberal and Conservative parties were reluctant to dismantle many of the National Front's

central tenets, which guaranteed both parties access to state resources and power. As a result, Liberals and Conservatives were still sharing power and thwarting access to the political process by third parties and nontraditional groups. Often this meant criminalizing protest and repressing alternative forms of participation. It also meant increased reliance on the military to control public order.

Colombian politics began to be defined by a rapid escalation of violence and a multiplication of violent actors, some old and others new. Long-standing guerrilla insurgencies moved to center stage in the 1980s. Their renewed military and political strength underscored the National Front regime's weakness and diminished legitimacy.

At the same time, a new political, social, and economic actor—drug entrepreneurs who benefited from the illegal commodity export boom in marijuana, cocaine, and eventually heroin—emerged as violent challengers to the state, deploying both arms and money to assert their influence and ensure their interests. With the advent of the drug-export boom, what was once a relatively low-intensity armed confrontation between insurgents and the state was transformed into a more violent conflict with multiple armed contenders pursuing separate agendas. At the center of the conflict was an increasingly fragmented, vulnerable, and corrupted state.

In Colombia in the 1980s, violence begot more violence. A new relationship emerged, one that is still not widely understood: prolonged bouts of political conflict began to engender a major upsurge in social violence and crime. Each side armed private groups, turning civilian populations into combatants. The guerrillas had a long tradition of arming civilian groups in the countryside. What was new was the recruiting and training of these groups in the urban shantytowns in the hills above Cali and Medellín, and in the south of Bogotá. As guerrilla activity increased, the military began to vigorously exercise its legal right to raise private armies, which came to be known as paramilitary groups. Drug entrepreneurs, too, brought their resources to bear on the creation of private armies.

Thus, in addition to the guerrilla movements and the army, the political landscape grew crowded with paramilitary groups and urban militias. These in turn stimulated the creation of rogue police units, teenage hitmen or *sicarios*, and "social-cleansing" squads.

With the decline in external sources of funding,

most of Colombia's guerrillas began to increase their involvement in criminal activities, including drug trafficking, to finance their wars. Drug monies were a lubricant that greased the general transition among all actors to crime.

POLITICAL CRISIS, POLITICAL OPPORTUNITY

But if crises have been almost permanent during the last 15 years, so have innovative and profound solutions. The list of political reforms since the early 1980s is impressive and demonstrates a surprising degree of political will from a succession of leaders, beginning with Belisario Betancur (1982-1986) and passing through his two successors, Virgilio Barco (1986-1990), and César Gaviria (1990-1994). Ernesto Samper had promised to continue the tradition of change. On taking office he immediately resurrected the peace process and embraced a human rights and peace agenda that went further than that of his predecessors.

Two things must be said about this extended period of reform that began in 1982 and is now under attack. First, each presidential administration seemed to understand the basic problems of legitimacy, democracy, and human rights, even in the complex situation of confronting multiple armed challengers. Each seemed to build on the work of his predecessor to reform a system that had become corrupt and a major source of violence. Each faced

major obstacles and uncooperative bureaucracies, yet the general impression was that the reforms marked the beginning of profound structural changes that would yield rewards—if not immediately, then in the future. A second point. As political reform was enacted, the problem of political violence only became worse. The extensive reforms, negotiations, innovations, and emphasis on human rights had no observable effect on the levels of violence in the country. Indeed, political violence and social crime continued with no sign of abating.

Today Colombia has the highest homicide rate in the world, surpassed only in exceptional circumstances, such as the mass bloodletting in Rwanda in 1994. The escalation of violence has been extraordinary and seems to be accelerating. In 1980 there were 10,000 homicides. By 1988 this figure had risen to 20,000. In 1992 the number of homicides had risen to almost 30,000. Political violence represents about 13 percent of these figures. According to the Andean Commission of Jurists, each day 5 people are gunned down in Colombia because

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they are political activists, or members of a labor or peasant union or some other community or political organization. One more person is "disappeared" every third day for similar reasons. Additionally, every third day another person is gunned down for being a homosexual, prostitute, street urchin, or vagrant (this phenomenon is what has been termed "social cleansing"). Furthermore, three people die each day in combat as a result of the armed conflict.

The attorney general's office has estimated that 97 percent of all violent crimes are committed with impunity. With regard to human rights abuses, the impunity rate is 100 percent. One final statistic in this murky, imprecise world of statistics on violence: based on the reported cases of political assassination, the Andean Commission of Jurists estimates that almost 35 percent of politically motivated murders were perpetrated by guerrillas. The rest were committed by members of the armed forces and paramilitary groups.

Thus, despite the complex and multipolar nature of Colombia's political violence, more than half the politically motivated assassinations each year are committed by state and paramilitary forces. Most occur outside combat. This element of the violence resembles the "dirty wars" of the Southern Cone, except that in Colombia the top government leaders are civilian and oppose these methods. These leaders have not, however, been able to change them.

There is also the issue of the social violence that has been triggered by the political violence. With the escalation and multiplication of social and criminal violence, officials began to focus more attention on the need for new measures to combat crime that affects individuals. In a society with the world's highest murder rate, the issue was sometimes starkly drawn between national security and personal security. Should the state be more concerned with protecting citizens from crime and social violence, or with combating the more limited phenomenon of political violence?

For Colombia the answer is to make the fight against political violence a priority while aggressively pursuing measures to arrest the growth in crime. With its illegal ties to paramilitary groups, the state security apparatus can only be reformed within the context of peace, and any negotiated peace must include a complete restructuring of the military and police. A reduction in political violence should positively impact on the much higher levels of social, criminal, and drug-related violence by removing officially sanctioned violence from soci-

ety and reducing the levels of impunity. This is the central argument for pursuing a negotiated settlement with the guerrillas. Continued war will only perpetuate illegal state violence, the principal source of human rights abuses in the country.

The last four presidential administrations reached an interesting consensus with respect to the above hypothesis. Not all violence is negotiable; only political violence can and should be negotiated. Armed guerrillas, even those who engage in criminal activities, are fundamentally pursuing political objectives. In contrast, addressing social violence and crime demands a functioning system of justice. Illegal state and paramilitary violence, too, can only be addressed through a functioning system of justice and a respect for human rights.

Social violence does not demand negotiation. Drug-related violence, although overlapping with the other forms of violence, also has separate requirements, including international cooperation to confront demand, supply, transshipment, and money laundering. As for negotiations, successive governments believed that it was viable to open limited negotiations with national traffickers principally over the conditions of their surrender.

A common framework with respect to these principles has emerged. Yet this framework has often led to conflicts with the United States. These conflicts have arisen principally because the United States insists on analyzing all Colombian issues through the distorting prism of United States anti-narcotics goals. The broader issues of political violence and human rights abuses have not engaged the United States as they have in other parts of the world.

BACK TO THE MILITARY FUTURE

The deterioration in bilateral relations with the United States and the crisis over drug monies in the presidential campaign have eroded the Samper administration's commitment to political reforms. As Samper has lost authority, other actors have moved forcibly to regain the initiative. In the congress, traditional party leaders are trying to roll back many of the innovations of the 1991 constitution, particularly those related to civil liberties, human rights, expanded political participation, and greater public accountability. Most disconcertingly, there has been a reassertion of military authority and autonomy.

In the past year the military has regained the ability to try officers and soldiers accused of criminal conduct and human rights abuses in military

courts, reversing a major reform from the Barco administration, which had transferred these cases to civilian courts. If earlier experience is a guide, the military courts will ensure the continuation of impunity and emasculate the idea of civilian control.

Most illustrative of the changed political climate in Colombia during the summer of 1995 was the collapse of the peace process. While national and international attention was focused on the presidential crisis, the government declared that the conditions to begin negotiations with the guerrillas did not exist. Shortly thereafter the chief government negotiator, Carlos Holmes Trujillo, resigned. After a year of quiet diplomacy, exchanges of letters, secret meetings, broad consultations, and raised expectations, it was believed that full-scale negotiations would resume. Instead, Samper decided that a new negotiator would not be named.

The story of the breakdown of the peace negotiations recalls an earlier era before the advances in civil-military relations. This time an agreement had been reached between the guerrillas and the government to resume talks in an area that had long been the headquarters of the Revolutionary Armed Forces of Colombia—La Uribe in the Department of Meta—and the government agreed to demilitarize the zone. The army balked. The commanding general of the armed forces, Harold Bedoya, issued a memo opposing the demilitarization of the area. The memo, which was leaked to the press, asserted that if Samper chose to pursue such a policy, he should formulate it in writing and should be fully aware that such an order violated the Colombian constitution, which requires the armed forces to maintain public order in all parts of the country.

Samper backed down and reversed the government's earlier negotiating posture. Where initially it had stated that there would be no preconditions to resuming talks, the administration now declared that the guerrillas must first demonstrate their desire for peace. Further, the armed forces would only vacate part of La Uribe if negotiations were to resume. Shortly thereafter, the peace commissioner resigned and talks were suspended.

These events went mostly unheralded and were overshadowed by the crisis of the narcocassettes. Yet they demonstrate a disturbing breakdown in civilian control over the military. It seemed that 10 years of carefully establishing an institutional framework for civilian control over the military had

collapsed like a house of cards. Civil-military relations had been turned back a decade. Samper's weakness was proving particularly costly for the possibility of peace, which was now as distant as ever.

Similar reverses were noted in the prosecution of human rights. Despite a government order recommending the forced retirement of General Alvaro Hernan Velandia Hurtado, who had been found guilty of the murder and disappearance of an M-19 leader, Nidia Erika Bautista, the army—again reminiscent of the military's attitude in the mid-1980s—refused to dismiss the general.

The military openly confirmed its contempt for the attorney general's findings by publicly awarding a national decoration to the accused general for his service to his country. The assistant attorney general for human rights, Hernando Valencia Villa, who had led the investigation of the general, began to receive repeated death threats at his home and office. After two years of pioneering work promoting human rights from the highest levels of the state, Valencia Villa resigned and fled into exile.

In August 1995 the government declared a state of Internal Commotion, which was subsequently overturned by the Constitutional Court. It was then reinstated following the assassination of longtime Conservative leader Alvaro Gomez Hurtado on November 3, 1995. This time the Constitutional Court upheld the ruling. Using the decree authority derived from this state-of-emergency rule, the government was now openly on the side of curtailing civil liberties and freedom of the press, and abbreviating judicial procedures in the name of confronting violence.

Under the state of Internal Commotion, the Samper administration issued decrees to stiffen penalties for many crimes, including drug trafficking, and also facilitated the confiscation of goods acquired through trafficking. These measures had long been urged by the United States embassy, and were duly applauded.

The United States has applied unceasing pressure on the Samper administration and the Colombian government has received the message. If there were drug monies in the presidential campaign, they do not seem to have had a major influence on the conduct of the Samper administration, which has pursued one of the most vigorous antinarcotics policies in recent history. Yet by weakening the president's

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authority the drug scandal has weakened the nation's political institutions and unraveled commitments to peace and human rights.

REFORM OR REGRESSION?

Colombian politics during the past 15 years has been shaped by tension between counterinsurgency and human rights; between internal war and negotiation; between accommodation and resistance to the influence of drug entrepreneurs; and between institutional innovation and the status quo. The 1995 drug scandal has tipped the scales away from reform.

The issue of corruption and drug monies is serious. But in Colombia, despite the tremendous inroads of dirty money, there still remains a political class or group of leaders associated with both political parties whose interests do not coincide with the interests of the drug lords. The Samper government, even admitting the evidence of drug monies in the presidential campaign, was never beholden to the Cali cartel.

However, with the 1995 crisis, the authority of the president has been undermined, creating a political opening for those who have opposed specific reformist trends. The progressive and modernizing sectors of the political class in Colombia that had operated so deftly for over a decade—of whom Samper probably represented one of the most progressive and honest—are now losing the initiative.

How deep will the setback be? The answer rests on the ability of Samper to recover the initiative in his final two years of office. The prospects are not good. With the constitutional prohibition on reelection, every Colombian president is a lame duck.

There have been intimations that the 1995 drug scandals, by encompassing the president and other important political leaders, may have changed past political dynamics. This thinking may be correct. More important, it is difficult to believe that any democratic society can coexist with 30,000 homicides a year, rogue state security elements pursuing their own dirty war, and guerrillas who are consol-

idating their political and economic influence over large areas of the national territory and benefiting from the illegal economy.

For the first time, the government and many sectors of society are reaching the conclusion that the solution to Colombia's multiple crises of violence requires some form of international involvement. Colombian leaders have long argued that drug trafficking needs to be addressed globally and not through a tense bilateral relationship with the United States. However, the government has maintained that Colombia's guerrilla insurgencies are a domestic issue and has rejected calls for international mediation.

President Samper has been more receptive to international mediation. In September 1995 the government quietly announced that it had agreed to let the Institute of Applied Social Sciences of Oslo, Norway, quietly pursue negotiations between the guerrillas and the government in Colombia (this is the institute that facilitated a peace settlement between the Palestinians and the Israelis). It is a modest first step, but an advance nonetheless. The Colombian government has also announced the formation of an international advisory and mediating group to help control the violence in Urabá, the violent banana-growing region on the north coast.

The United States seems intent on maintaining pressure on Bogotá to ensure the implementation of its antinarcotics agenda. It is all but certain that the Samper government will continue to respond to United States' pressure. However, the challenge for Samper is to regain the initiative in the nonnarcotics agenda, especially the peace process, human rights, and social violence. Here the moment may be propitious to reach out to a more diverse sector of the international community. Indeed, international assistance in mediating the long-term guerrilla conflict and promoting the protection of human rights may be the best opportunity left to return the initiative to the reformist sectors. The alternative to continued reform and renewed negotiations is the further breakdown of political authority in Colombia. ■

Civil society in Mexico, "which has only in recent years recovered from the paralysis it suffered after the 1968 massacre, once again has a vision and could provide the key to Mexico's political future. But can the present system accommodate civil society?"

Mexico: The Rise of Civil Society

SUZANNE BILELLO

On a balmy evening in Jalapa, Veracruz, last October 2, a few hundred people assembled in the plaza outside the city's lofty cathedral to mark a bitter anniversary: the 1968 massacre of more than 300 people during a peaceful rally in Mexico City. What was notable about this gathering, and the many others that took place in cities throughout the country that day, were the participants themselves. The majority had not been born when the Mexican army opened fire on a crowd of mostly young students in Tlatelolco plaza, days before Mexico would become the first developing nation to host the Olympic games. But what was palpable in Jalapa and elsewhere last October was a troubling thread between past and present. Some signs even spelled it out. "Then Díaz Ordaz," read one, referring to President Gustavo Díaz Ordaz, who was in office in 1968, "And now [currently President Ernesto] Zedillo."

The youth in Jalapa and elsewhere, Mexico's Generation X, were to have been the prime beneficiaries of a decade of arduous economic change that was capped by the North American Free Trade Agreement (NAFTA) two years ago. But one year after the devaluation of the peso and Mexico's precipitous dive into economic chaos, plans to put the country on the long-awaited road to development have, once again, been put on hold. Mexico's latest and arguably most damaging economic crisis has also put pressure on the political system—again. But this time there is a sense of urgency. Startling revelations in recent months of vast illicit fortunes among relatives of former president Carlos Salinas de Gortari have tainted not only the regime, but

have put on trial the economic liberalization program Mexico has painfully constructed over the last decade. But more important—and what was clear in Jalapa recently—is that the economic crisis cannot be separated from the thorny issue of political legitimacy. And that is precisely why the specter of 1968 keeps resurfacing.

CIVIL SOCIETY AND THE MEXICAN STATE

What happened in Mexico in 1968 amounted to a short-lived public trial of the one-party government that has ruled the nation in the aftermath of the Mexican Revolution. Tens of thousands of people took to the streets of Mexico City in a seemingly spontaneous social movement, calling for democratization and posing the most serious challenge ever to the authoritarian regime. "They were not the spokesmen of this or that class," Octavio Paz would later write about the students of 1968, "but of the collective conscience." The bloody repression on October 2 silenced the protesters and 10 days later the Olympic torch was lit in Aztec stadium while troops and tanks were poised beyond the view of television cameras. The "collective conscience" that Paz identified in the wake of the massacre was the first stirring of a viable civil society in Mexico.

The social arrangements taken for granted in a democracy like the United States that constitute civil society, and were the subject of Alexis de Tocqueville's marvel more than century ago, never really evolved in Mexico, largely because of the nature of the state itself. The coalition that would become the Institutional Revolutionary Party, or PRI, was formed in 1929, pulling the factions that emerged from the Mexican Revolution under one umbrella. PRI ended the fratricide that threatened to destabilize the country but dominated national life. The one-party state usurped the role of civil society. Present in every aspect of political, economic, and

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cultural life, it thwarted the development of autonomous groups that could counterbalance state power. The Mexican regime never addressed the underlying causes of the social discontent of 1968 and the repression triggered a crisis of legitimacy that has only worsened over the years.

PRI now faces unprecedented public ridicule and is immersed internally in virulent strife, the likes of which have not been seen since the bloody episodes the party was formed to end more than six decades ago. And in a country where scandal and absconded wealth have been mainstays of the ongoing political soap opera, the governing regime has outdone itself this time. Moral impunity has never struck so close to a former president.

Raúl Salinas de Gortari, the former president's prodigal sibling, somehow amassed an estimated \$123 million fortune that he allegedly stashed away in various foreign bank accounts under a variety of false names. He was jailed a year ago on charges that he masterminded the assassination of José Francisco Ruiz Massieu, who was the second-highest-ranking official in PRI when he was shot to death on a Mexico City street in September 1994.

In 1968, Mexico's nascent civil society had outpaced the system with a vision of a more open society. Civil society, which has only in recent years recovered from the paralysis it suffered after the 1968 massacre, once again has a vision and could provide the key to Mexico's political future. But can the present system accommodate civil society?

ECONOMIC PALLIATIVES

The strategy of the one-party government formed in 1929 went hand-in-hand with a form of state capitalism that allowed Mexico decades of sustained growth. The political system and economy were closed, but there were jobs. Mexico also had a stability unrivaled in Latin America, the result of PRI's remarkable ability to meld political alliances, co-opt opponents, and, when necessary, use repression to preserve power.

But by the late 1960s, economic expectations diminished as the model faltered. Mexican society, which had shifted from a rural to a more urban-based population, had also become more sophisticated. And in a climate of eroded expectations an authoritarian system was simply less tolerable. Growth had also not come for all Mexicans, with

"the income share going to the poorest families deteriorat[ing] between 1950 and 1967."¹ Mexico still has one of the most skewed income distributions in the hemisphere despite the fact that it had a social revolution.

The discontent of the summer of 1968 clashed with the image the Mexican government had put forth to host the Olympic games. As Octavio Paz has noted, "At the very moment in which the Mexican government was receiving international recognition for forty years of progress, a swash of blood dispelled the official optimism and caused every citizen to doubt the meaning of that progress."

Subsequent administrations were intent on masking the political discontent and preserving at all costs the one-party system. Instead of addressing the underlying problems, a series of disastrous policies were implemented that would culminate in the 1982 foreign debt crisis. In 1970, Luis Echeverría, who as interior minister under Díaz Ordaz was one of those accountable for Tlatelolco, was elected president. Political damage control centered on the seduction of a generation. The budgets of public universities, which had decreased under Díaz Ordaz, were increased and fellowships for young intellectuals to study abroad were plentiful.

But 1968 also radicalized a small sector from which a short-lived guerrilla movement emerged in the early 1970s. It was easily wiped out by government forces because the guerrillas did not gain a following and never managed to build a social base. Others, though, inspired by liberation theology and the works of Mexican political theorists like José Revueltas, devoted themselves to broadening the base of civil society. "Most of the 70s and early 80s were devoted to building social movements, non-governmental agencies," said Carlos Heredia, head of Equipo Pueblo, a grassroots organization based in Mexico City. The work of Heredia and others, which took place in urban barrios and the rural regions alike, went largely unnoticed by design. "We tried not to have a public profile and most of the time concealed the work," Heredia said. "We wanted to change things from the root."

Echeverría briefly encouraged criticism of the system and some of the Mexican press seized this opening. But when one Mexico City newspaper, the liberal *Excelsior*, began questioning his policies with too much vigor, Echeverría staged a coup among the members of the newspaper's cooperative. That led to the ouster of a group of distinguished journalists led by Julio Scherer García, who went on to form the magazine *Proceso*. The publication, inde-

¹Roberto Newell G. and Luis Rubio F., *Mexico's Dilemma: The Political Origins of Economic Crisis* (Boulder, Colo.: Westview, 1984), p. 131.

pendent and critical of the system, remains to this day an invaluable vehicle for broadening the views of civil society.

From the beginning of his term, Echeverría was under enormous social pressure to create jobs. He concocted an economic policy that, according to Newell and Rubio, "derived some of its essential traits from dependency theory, others from structuralism, some from socialism, and yet others from Keynesianism." In short, he borrowed time and a lot of money. The government's role in the economy swelled as numerous bankrupt enterprises were bought up in an attempt to save jobs.

Echeverría alienated the private sector with these populist measures and he passed more restrictive laws on foreign investment—he even had the hubris to attempt to nationalize Coca-Cola. Echeverría never did resolve Mexico's social problems, but he did create a huge bill. The country's foreign debt, which was \$5 billion when he took office in 1970, had grown to nearly \$20 billion when his successor, José López Portillo, came to power six years later.

BOOM AND BUST

In many ways López Portillo followed his predecessor's ideological footsteps, aided by the oil boom in the late 1970s, which fueled Mexico's capacity to borrow even more from abroad. The public and private sector borrowed \$60 billion during López Portillo's administration. One-third of that amount was borrowed in 1981 in a desperate attempt to keep the country solvent while revenues were falling and interest rates were rising. But the coup de grâce came in López Portillo's last state of the union address, when the president set a new record for economic sabotage by nationalizing the banking system.

In August 1982, with Mexico unable to meet payments on its staggering foreign debt, the country plunged into economic chaos and triggered the Latin American debt crisis. From that point on Mexico's financial quandaries would no longer be its own.

After a bitter internal debate over the country's economic future, the government of President Miguel de la Madrid, which came to office at the end of 1982, moved to restructure the largely state-run economy into a more market-oriented system. The result was that the social safety net, the vast

web of power, influence, and control the state had wielded for decades and was the foundation of PRI's corporatist structure, began to unravel. But there was nothing to put in its place.

The government initiated its own form of perestroika, but in what is now widely considered an unfortunate political miscalculation, it refused to take comparable steps to reform the political system and open the political process to competition. There was, in the regime's mind, a good reason to do that: without a new safety net and no real ideology, it would probably lose more power than it was prepared to give up. This is what happened when, in an experiment, de la Madrid allowed the 1983 regional elections in northern Mexico to take place largely untainted by the usual tampering by party apparatchiks. PRI lost several local races, including the mayoral post in Ciudad Juárez on the Texas border, to the emerging center-right, business-based

National Action Party, or PAN.

By 1985 the social toll of the debt crisis was tangible as the quality of life continued to deteriorate. That spring, at the height of what was considered an "ecological emergency" caused by horrific air pollution in Mexico City, noted Mexican author and environmentalist Homero Aridjis brought together a group of writers and intellectuals to form the Group of 100. The group's members used their moral standing to highlight the deplorable state of Mexico City's environment and pressure the

government for change. The environmental movement would become one of the most important vehicles for civil society because of the gravity of the issues and the credibility of the people publicizing them.

The intransigence of the government toward political reform continued; in July 1985 regional elections in northern Mexico, where PAN was strong, were marred by fraud that ensured the ruling party's ironclad grip on power. But two months later, out of tragedy, civil society would emerge stronger than ever.

OUT OF THE RUBBLE

At 7:19 A.M. on the warm, smoggy morning of September 19, 1985, an earthquake pounded Mexico City in wavelike blows for 92 seconds. The seismic eruption toppled hundreds of buildings, crushing or burying more than 10,000 people. The

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scope of the disaster overwhelmed the Mexican government and there was scant official response in the crucial first 48 hours. In this vacuum of authority, the residents of Mexico City improvised a rescue effort that had implications beyond the ravaged neighborhoods of the world's largest metropolis. The convergence of tragedy and opportunity showed citizens that, faced with a paralyzed government, they could take effective action on their own. It proved to be a watershed for civil society. "When it became clear the government had limitations, civil society grew," author and essayist Carlos Monsivais noted in an interview.

As Mexicans mobilized in the hours and days that followed the earthquake, troublesome revelations emerged. Bodies of tortured drug trafficking suspects were found bound to chairs in the ruins of the federal attorney general's office. And shoddy construction, the product of a corrupt system, was blamed for many of the collapsed buildings. Indignation fueled a human rights movement. And a sense of community that many Mexicans had lost in the migration from the countryside to big cities was awakened as numerous neighborhood associations were formed. In the aftermath, a myriad of neighborhood associations, environmental and human rights groups, and "good government" groups multiplied. The movement set in motion events that brought the country to a historic confrontation during the 1988 presidential election.

A year before that election, Cuauhtémoc Cárdenas, the son of Mexico's most revered president, Lázaro Cárdenas, and a group of disaffected PRI members broke from the ruling party when it refused to debate policy disputes internally. At issue was economic and political reform. Cárdenas became the presidential candidate of a center-left coalition that came together in the weeks before the July 6, 1988, election; the PRI candidate was Carlos Salinas de Gortari. On the eve of the election, Cárdenas's public support had swelled to levels that appeared to surprise even him. But two days before Mexicans went to the polls, two of Cárdenas's key aides were murdered. The election itself was tarnished by widespread charges of electoral fraud. And a few hours after the polls closed, ballot counting abruptly stopped after the Interior Ministry announced a faulty phone line had caused the computer system to crash. Tens of thousands of Cárdenas's supporters flooded the streets. But they were clearly unprepared to challenge the system. And Cárdenas, who probably knew better than anyone what the consequence would be for such a chal-

lenge, wisely confined the protests to peaceful demonstrations.

The days following the July election were tense. Salinas and his aides retreated to the presidential offices in the capital's San Ángel area, which some began to refer to as the Winter Palace. Initially, public sympathy appeared to be against Salinas. But he was declared the winner, conveniently eking out just over 50 percent of the vote. Cárdenas came in second, following by PAN candidate Manuel Clouthier. The destruction of ballots months later erased all evidence that would have supported or contested that victory. Whether or not Salinas really won the election is simply not known.

That chilling experience gave new impetus to the citizen alliances that were to cast a far different light on the 1994 presidential election. Salinas did not waste time in rebuilding his image both at home and abroad. During his six-year term the president would go on to have a dazzling ascent and a staggering fall.

By the time Salinas's term ended in 1994, Mexico would again be edging toward the precipice. The ensuing economic and political turmoil would find Mexico confronting a troubling paradox that was uncannily reminiscent of the eve of the 1968 Olympics.

WHAT CHIAPAS UNMASKED

On January 1, 1994, NAFTA went into effect. That morning Mexicans and anyone else in the world with cable television awoke to surreal images of armed Indian guerrillas occupying villages in the southern state of Chiapas. The uprising by the Zapatista National Liberation Army called attention to rural poverty and broader issues of whether the government would give citizens a larger voice. More than a decade of clandestine political organization in the impoverished and isolated hinterlands of Chiapas had preceded the January rebellion—the more extreme response of civil society.

Just two months after the uprising, PRI presidential candidate Luis Donaldo Colosio was assassinated while campaigning in Tijuana. The last high-level political assassination had been in 1928, when Alvaro Obregón was murdered 10 days after he was elected president. The murder of Obregón, the last caudillo of the revolution, had propelled the reformation of a one-party coalition as a means to settle scores with the cloistered ranks of Mexico's power brokers. The Institutional Revolutionary Party died on the day Colosio was murdered.

The 1994 presidential election was the most

scrutinized in Mexican history, as thousands of citizens monitored polling stations throughout the country. There was also the highest voter turnout ever for a presidential election.

PRI's new candidate, Ernesto Zedillo Ponce de León, won for several reasons, none of which had to do with ideology. The economy appeared to be functioning well despite a huge current account deficit. Neither opposition candidate, Cárdenas again for the center-left nor Diego Fernández de Cevallos for PAN, had an alternative platform. And a possibility of violence by the Zapatistas influenced voting in a decidedly conservative direction. This was not the time to experiment with a new regime. Moreover, the PRI, in terms of jobs and influence, was still not to be underestimated.

But Mexico's political crisis continued. In September, Ruiz Massieu was murdered. And on December 20 the country plunged into economic mayhem. The precipitous devaluation of the peso on that day triggered an economic crisis that had repercussions throughout the region. Despite years of building confidence among foreign and domestic investors, many of the country's economic advances were wiped out in just 48 hours. A United States-backed multi-billion-dollar bailout saved Mexico from an even worse fate. While it was the current account deficit that triggered the crisis, the collapse of confidence can be blamed in large part on the looming threat of political instability and the absence of the accountability and checks and balances found in a democratic system.

"SUCH AN ANGLO-SAXON CONCEPT"

Just over a year ago a prominent PRI official gave a passionate speech to a group of New York investors about the Zedillo administration's commitment to reform. But when pressed on the issue of Mexico's judicial quagmire, she replied testily, "Rule of law is such an Anglo-Saxon concept." Needless to say, the remark cast a dubious light on her preceding comments.

But rule of law is *the* key issue in political reform—a system of overall accountability that runs from the police officer on the beat to the president of the republic. Rule of law is not negotiable.

The government has never allowed an investigation into the events of 1968. Furthermore, it has failed to resolve to the satisfaction of the Mexican public not only the murders of Colosio and Ruiz

Massieu, but also the 1993 assassination of Cardinal Juan Jesús Posadas Ocampo by members of a narcotics mafia and that of Cárdenas's aides in 1988.

Salinas is now vilified for his perceived role in economic mismanagement as well as perceptions that his family and possibly Salinas himself acquired enormous personal wealth through illicit means. Society, though, is visibly fed up and is acting out its newfound role by channeling some frustration into theatrical acts of desperation that have political implications.

On the Columbus Day that followed the Zapatista uprising and just weeks before the December peso crisis, an annual protest march by indigenous groups took a revealing turn. When the crowd reached the statue of Christopher Columbus on Reforma Avenue in the heart of the city, someone tossed a noose around the neck of the the founder of America. A few men tried to yank the statue off its pedestal before a group of surprised police officers stopped them. The scene bore an eerie similarity to images from the former Soviet Union a few years earlier.

The economic crisis and newfound civic solidarity have also made for some interesting conflicts over the interpretation of rule of law. Most evenings and especially on weekends, prostitutes and transvestites swarm the avenues around the middle-class Condesa neighborhood in Mexico City and cruising vehicles often cause traffic jams. The neighborhood

has an active residents' association whose members are already troubled by depressed property values, foreclosures, and rising crime in the wake of the peso crisis. One afternoon they decided to hold a rally in the bucolic Parque Mexico to muster support to oust the streetwalkers from the neighborhood. Several transvestites who apparently have a loose-knit organization of their own staged a flamboyant counterdemonstration in full drag. The two groups confronted each other in a Felliniesque spectacle in which the streetwalkers emerged victorious by turning the protest against harlotry into a battle over free speech. The bottom line, however, is that Condesa has become a haven for prostitution because the police have allowed prostitutes to operate there and the neighborhood does not have the clout to make the police enforce the law.

But the challenge civil society now faces is daunting and there is much at stake. The December 1994 crash triggered Mexico's worse recession in more than six decades and the economy remains

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in crisis. The country is in a downward spiral of social and moral deterioration that has spawned a vicious wave of crime that is partly attributable to economic desperation. However, since the government has disbanded corrupt security units over the last decade, cashiered cops, armed to the teeth, have played a significant role in crime as has the high level of delinquency among "legitimate" police forces. The absence of most judicial recourse (that is, rule of law) has exacerbated a widespread feeling of insecurity among Mexicans.

THE SURVIVAL OF CIVIL SOCIETY

Recent polls show that Mexicans feel significantly bleaker about the future than any of their Latin American urban counterparts. "Nobody in Latin America feels worse than the Mexicans," said Daniel Lund, director of the Market and Opinion Research International of Mexico, which conducts polls. MORI's polls also show that no clear political majority exists. At the same time, people feel the country is not governable unless a national candidate receives 50 percent of the vote. "The country is obsessed with a numerical majority," Lund said in a recent interview. Conveniently, that number was achieved in the 1988 and 1994 presidential elections.

As civil institutions in Mexico have grown they have made the idea of truly competitive political participation palatable. The question is, are the political parties up to that challenge? There is a small group within PRI that has tried, so far unsuccessfully, to modernize the party and compete on fair ground. In fact, there are rumblings that the party itself could once again split because of internal conflicts, or that yet another political party will emerge among former PRI members who have already defected or have been ousted in the last year. PRI "no longer fulfills the function for which it was created, to civilize political life by resolving conflicts pacifically. It cannot because it never created a democratic mechanism," said Mexican historian Luis Javier Garrido. "PRI is in the worst moment of its history." At the same time, Garrido added, "the two opposition parties lack a clear platform and this allows the PRI to remain in power."

Mexico today is not the same country it was in 1968 or, for that matter, 1983. The political system has undergone some important reforms in the last dozen years that now allow significant electoral competition. The opposition PAN, the center-right party that currently poses the primary challenge to

PRI, now governs about one-third of Mexico's population. There are PAN governors in four states. Yet despite the impressive and hard fought achievements at the local polls, PAN has a voice but no real power. And it remains to be seen whether PAN has made true converts of its supporters. Some of the fundamental rules of political engagement, such as limits on and controls of campaign financing and equal access to the media by all candidates, have not been addressed.

What will play out in the coming months and years is the relationship civil society forms with the country's political parties. "In an authoritarian society that suffers from a lack of democracy, civil society has to be autonomous in order to create a basis for democracy," says Sergio Aguayo, who heads the Civic Alliance, an umbrella group of several civic groups that played a key role in the monitoring of polling sites in the 1994 election. "I think the emergence of civil society in Mexico has been the driving force in democratization and the very rapidly emergent culture of politics," notes Peter M. Ward, director of the Institute of Latin American Studies at the University of Texas at Austin. "The maturing political culture has come about through the links of civil institutions and democracy." Ward and others maintain that civil society should forge a closer alliance with the political parties.

The problem, though, is that in recent years there have been efforts to co-opt civil society for political interests, to form paraparties, in a sense. This happened with some of the civic groups and fledgling unions that were formed after the earthquake and it undermined the credibility and independence of these groups. "I think that time has passed," Ward said, "I think it's now time to bring party politics into these movements."

A test of whether power will be shared will come next year when Mexicans are scheduled to elect the national Congress. Breaking a party monopoly in Congress would provide a means to create a new political agenda. On the one hand, unless there is political reform that will limit and regulate campaign spending and ensure media access to all parties, PRI will again have unfair advantages. On the other hand, as 1994 proved, society could see PRI as being in its own self-interest unless the opposition parties can convince it otherwise. "It will be a major test of the extent to which opposition parties have a national base," said Ward. The 1997 election, Aguayo said in a recent interview, "is the final offensive." ■

Is Guatemala about to end nearly four decades of guerrilla war? Recent elections and ongoing peace talks offer the hope that it will join the other Central American nations in making the transition from civil war to peace.

Guatemala: Expectations for Peace

RACHEL M. MCCLEARY

On January 7, 1996, Guatemalans elected Alvaro Arzú of the conservative Party of National Advancement (PAN) president. Arzú, who won 53 percent of the vote in the runoff election, defeated Alfonso Portillo of the right-of-center Guatemalan Republican Front (FRG), who came in second with 47 percent.

The most surprising and decisive electoral outcome, however, was the demise of the Christian Democratic Party as a national political force in the November 1995 general elections. The Christian Democrats, who had brought civilian Vinicio Cerezo to the presidency in 1985 after two decades of military rule, won only 3 of the 80 contested seats in the congress. By contrast, the recently formed left-of-center New Guatemala Democratic Front (FDNG) won 6 seats. The FDNG, a coalition of popular organizations, represents the views of many Guatemalans who sympathize, identify with, or openly advocate positions taken by the guerrilla Guatemalan National Revolutionary Unity (URNG). What is the significance of this new configuration of politics in Guatemala? What international and domestic conditions helped bring about a political opening? And what might we conclude about Guatemala's continuing transition from authoritarian rule to some form of democratic governance?

ENTERING THE POLITICAL OPENING

Although the number of New Guatemala Democratic Front seats in congress is insignificant, across the social and political spectrums in Guatemala

there is agreement that the FDNG's presence will further the transition to a more politically diverse and stable society. The election of Democratic Front representatives in itself gives hope to an emerging new left in Guatemala that the political process is legitimate. With representatives in congress, the Democratic Front has the opportunity to be a player in the political game and to legally modify the rules of that game.

Although the Democratic Front denies any formal ties with the guerrilla URNG, its platform reflects URNG positions on such issues as land reform, the role of the military, the dissolution of civilian self-defense patrols, the return of the displaced and refugees, and the rights of indigenous peoples. These are substantive issues that have been negotiated between the URNG and the Guatemalan government or are to be negotiated.

For the first time during the 34 years of armed conflict, the URNG supported the November 1995 general elections by unilaterally implementing a two-week cease-fire and calling on the citizenry to vote. By doing so, the guerrillas recognized the electoral process as legitimate. It would now be problematic for the URNG, should the result of the January 7, runoff election not be to its liking, to disavow the outcome of the democratic process. Nevertheless, that appears to be the direction in which the URNG is heading. Initially the guerrillas had not called for a unilateral cease-fire during the runoff and had stated that "the two presidential contenders remaining after the first round of elections do not fulfill the democratic expectations of the URNG."

By endorsing the November general elections, the URNG opted into the political game as it is currently defined in Guatemala. However, by not supporting the runoff and by continuing to state that the negotiating table is where differences on substantive issues are to be worked out, the guerrillas are not recognizing the boundaries of the existing

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political process in Guatemala. By emphasizing peace negotiations as the only vehicle that can potentially bring structural change to Guatemala, the URNG remains outside the political scheme and hopes to maintain international pressure on the peace process, which leaves open the possibility for continued armed conflict. While the URNG leadership decided to extend the cease-fire until January 8, it has rejected calls for a permanent cease-fire, arguing that armed conflict places pressure on the military to negotiate structural changes. This position perpetuates the cycle of violence, providing justification for the internal security role of the armed forces as well as the existence of the civilian self-defense patrols.

But the role of the international community is constructive up to a point. The United Nations, through its good offices at the negotiating table in the person of the moderator, Jean Arnault, and within the country through the UN Mission for the Verification of Human Rights and of Compliance with the Commitments of the Comprehensive Agreement on Human Rights in Guatemala (MINUGUA), has significantly contributed to the advancement of the peace negotiations in Guatemala. International support, albeit indirect, has also come from Colombia, Spain, Mexico, Norway, the United States, and Venezuela, which make up the Group of Friends of the Guatemalan peace process.

Unlike in El Salvador, where a similar UN verification mission reported a decline in human rights violations before a peace agreement was signed, MINUGUA has documented a constant level of serious human rights violations since the organization's inception in November 1994. As MINUGUA's reports demonstrate, verification is not the issue in Guatemala. Furthermore, the amendment of pre-existing agreements will not address the human rights situation. Rather, there must be structural changes in the institutions, including steps leading to a functioning judiciary, the demilitarization of the countryside, and the professionalization of the police force. While this underscores the role of the peace process as a positive development for Guatemalan society, the peace process itself is not the impetus for change.

If a peace agreement is not reached within the next year, the deeper, long-term detrimental effects will be seen in the evolution of democratic culture and the strengthening of democratic institutions in Guatemala. Failure to reach an agreement will also demonstrate that the URNG cannot transform itself into a politically viable force.

The incorporation of the new left into the political process brings with it a redefinition of the democratic game but it does not address the peace negotiations themselves. The Democratic Front representatives, who participated in the Assembly of Civil Society that formulated position papers on the various topics being negotiated at the peace table, have called for the direct participation of civil society in the negotiations. The concern is that the government and the URNG will sign agreements in which society has no voice. The accords would thus not have the requisite support in civil society for their implementation.

With the election of Democratic Front representatives to congress, Guatemalan society has created a fresh opportunity to vet both the agreements reached and future substantive themes on the negotiating agenda within the legal and politically legitimate framework of the country. Whether or not the peace negotiations reach a successful conclusion this year, the only means of ending the armed conflict is by broadening political participation and strengthening existing legitimate institutional decision-making processes through which the new president and congress will define the national agenda until the year 2000.

Thus, on the constructive side the November general elections have helped to more clearly define the rules of a democratic political process. As one representative of the Democratic Front put it, "We're opening up a path. . . [and] will be able to demonstrate that in a state of legality things can work." It is troubling, however, that the URNG continues to insist that the peace process is the only mechanism for reaching (a narrow) consensus on substantive issues; this stand creates political tension for those who have decided to seek solutions within the legal and politically legitimate framework of the country.

THE EVOLVING CULTURE OF DEMOCRACY

Are there indications in Guatemala of a process of political liberalization leading to a consolidation of democracy? The most vivid demonstration of the Guatemalan people's commitment to democracy came in the wake of President Jorge Serrano Elías's coup. On May 25, 1993, President Serrano attempted his version of Peruvian President Alberto Fujimori's 1992 *autogolpe*, or self-coup, by partially suspending the constitution as well as disbanding congress, the Constitutional Court, and the Supreme Court of Justice. To justify these measures, Serrano claimed that the extensive corruption in

congress and the Supreme Court of Justice did not allow him to govern.

In response to the coup, the business sector set up an ad hoc commission within its umbrella organization, the Coordinating Committee of Agricultural, Commercial, Industrial, and Financial Associations (CACIF), to analyze how Guatemala could be returned to institutional order. Through the efforts of CACIF, and a willingness on the part of leaders of popular organizations, unions, and political parties to work with it, the *Instancia Nacional de Consenso* (Committee of National Consensus) was created.

The *Instancia* brought together leaders representing various segments of Guatemalan society. The objectives of the *Instancia* were: to peacefully return the country to constitutional order; to promote the participation of different sectors of civil society in the decision-making process; to demonstrate to the international community the Guatemalan people's commitment to democracy; to strengthen democratic political institutions by restructuring, cleansing, and reforming those institutions; to consolidate the peace process; and to establish an intersectoral dialogue with the purpose of reaching consensus on the problems facing Guatemala and drawing up a national plan for the country.

As a civilian movement in opposition to the executive's attempt to claim near-dictatorial power, the *Instancia* played a critical role in demonstrating to the military and to the international community civil society's commitment to the democratic path. During the two-week crisis, the *Instancia* became the *de facto* congress, making decisions such as identifying the means by which congress, the Supreme Court, and the executive were to be cleansed and the country returned to institutional order. Although it did not have legal status, the moral legitimacy of the *Instancia* was recognized by both the military and the Constitutional Court, which gave the *Instancia* the responsibility of drawing up a list of presidential candidates, including Ramiro de León Carpio, the current outgoing president.

But the moral legitimacy of the *Instancia* was not recognized by many political party representatives, who did not wish to see their political careers ended. One of these was Alfonso Cabrera, the executive secretary of the Christian Democratic Party, who refused to participate in a process of "self-cleansing" in which each political party identified members who had to resign if they had participated in corrupt activities.

The lack of political will on the part of the Christian Democrats (and a few smaller parties and independents in congress) to move the country forward through a process of self-cleansing led to acrimonious and public confrontations with the *Instancia*. To overcome the impasse, an agreement was reached in secret between the executive and the political parties. The agreement called for several changes in the constitution as well as the election of a transitional congress (to serve until January 1996) and procedures for naming new magistrates to the Supreme Court.

On January 31, 1994, a plebiscite was held in which the Guatemalan people were asked to approve the changes to the constitution as well as the special congressional elections. With nearly 16 percent of registered voters participating, the package of reforms was approved. Various civic and political leaders condemned the plebiscite, pointing out that many of the mechanisms for self-enrichment and corruption had not been eliminated.

In August 1994, the congressional elections were held. Many of those legislators who had been publicly identified by the *Instancia* as corrupt did not run for reelection. To the credit of PAN and the FRG, a large number of their representatives successfully won reelection. However, voter turnout was low, demonstrating that Guatemalans lacked confidence in the political parties and the system in general.

Guatemala is a complex society with different cultures, ethnic groups, and political and socioeconomic disparities. This complexity, as well as the ongoing guerrilla war, make it extremely difficult to attain a consensus at the national level on the nature of the problems confronting society. The *Instancia* was the first time in contemporary Guatemalan history that leaders from different parts of society who, under normal circumstances, would oppose each other ideologically and politically, came together to reach agreement on returning the country to institutional order through legal means.

THE POLITICAL PANORAMA

For the November 1995 general elections, the credibility of the electoral process itself was not an issue; since 1984, Guatemala has held seven elections that were considered to be fair and free of fraud. Rather, the issues for the 1995 general elections were voter alienation from the Christian Democrats and the center-left National Centrist Union (UCN) and a few attractive alternatives.

To counter voter disaffection, diverse organiza-

tions called on the citizenry to vote. In addition to the efforts of the Supreme Electoral Tribunal, CACIF, the private business umbrella organization, ran television spots and placed advertisements in newspapers encouraging people to go to the polls. Rigoberta Menchú Tum, the Nobel Peace Prize winner, traveled across the country in a civic education campaign focused on women. And, as was noted, for the first time the guerrilla URNG endorsed the electoral process by encouraging people to vote.

Voter resentment was primarily aimed at the center-left Christian Democrats, who had disgraced themselves during the administration of Vinicio Cerezo (1986-1991) by failing to demonstrate political leadership and fiscal responsibility; the last year of Cerezo's administration also saw the murders of American citizen Michael Devine and Guatemalan anthropologist Myrna Mack as well as the massacre at Santiago Atitlán. Cerezo left office having survived two coup attempts (in 1988 and 1989) but with charges of corruption pending against himself as well as members of his administration and party. Cerezo's successor, Jorge Serrano Elías, governed the country with an alliance made up of the National Centrist Union, the Christian Democrats and Serrano's party, the Solidarity Action Movement.

During Serrano's administration, the National Centrist Union and the Christian Democrats successfully blocked legal proceedings against their representatives implicated in a variety of crimes. Increasingly, accusations of manipulating votes in congress began to surface, including accusations that Serrano himself was participating.

Realizing that if they were to have a role in the 1995 general elections, the Christian Democrats, the National Centrist Union, and the left-of-center Social Democrats formed an alliance, the Grand National Front. Their presidential candidate, Fernando Andrade Díaz Durán, who was seen as having close ties to a faction of the military and weak ties to the private business sector, came in third with 13 percent of the vote, and the alliance took three seats in congress.

Political alternatives were few and lackluster. A charismatic and popular presidential candidate, retired General Efraín Ríos Montt of the FRG, was legally disqualified in July from running by the Supreme Electoral Tribunal. Until his disqualification, Ríos Montt had been leading in public opinion polls over Alvaro Arzú, PAN's presidential

candidate. After unsuccessfully attempting to have Ríos Montt's wife run in his place, the FRG named Alfonso Portillo as its candidate.

Initially Portillo's ratings were low but as Ríos Montt campaigned on behalf of his party's candidate and advertisements appeared with slogans such as, "Portillo for the presidency, Ríos Montt for power," it quickly became evident that this election campaign was not going to be a replay of the 1990 general elections (in 1990, Ríos Montt was also legally disqualified from running as a presidential candidate on the grounds that he had participated in a coup and the FRG chose not to participate at the national level in those elections).

In the November 1995 elections the FRG decided not to sit it out but only after it engaged in destabilizing tactics. The first incident involved the airing of cassette tape recordings by the Front revealing financial relations between its principal opposition, PAN and the government of President Ramiro de León. But the attempt to discredit PAN backfired and

members of the Front have been charged with illegal wiretapping. The second maneuver to destabilize the political process occurred when Ríos Montt, in his capacity as president of congress, held a vote in the congressional executive committee to suspend the Supreme Electoral Tribunal magistrates on the grounds that they had illegally convened the 1995 general elections. The Constitutional Court

annulled the decision and ruled that only a majority vote in congress could legally remove the magistrates.

In the wake of these maneuvers, the Front lost one of its most valuable members, Arturo Soto, a well-respected international financial lawyer who was a potentially strong presidential candidate for the party. With Soto's resignation and with the leading members of the party under investigation for illegal wiretapping and unconstitutional activities in congress, the Front had no choice but to turn to someone like Alfonso Portillo. Because of his actions, Ríos Montt was forced to resign as president of congress and is currently facing legal charges. Yet, Ríos Montt's popularity as a political personality remains high, as demonstrated by the 22 percent of the vote Portillo received, second to Alvaro Arzú. In addition, the Front won 20 congressional seats, second to PAN's showing of 43 seats.

This is the second time that Arzú has run for president. His popularity is attributed to PAN's clean-

Guatemala is at a critical moment in its transition to a more stable and politically open society.

image and his experience as mayor of Guatemala City. Arzú has refused to enter into deals with other political parties as well as with the executive. He announced before the November elections that should he not receive the requisite 50 percent of the vote in the first round to become president, he would not consider alliances with other political parties for the second round. Arzú's image of uncompromising independence extends to the military and the business sector, which, in part, accounts for his appeal.

A unique characteristic of the November elections was the absence of an "official party." The outgoing president, Ramiro de León, was elected by congress on June 5, 1993, after President Jorge Serrano's attempted coup failed. De León's political neutrality helped create a more open and competitive climate of campaigning and was in sharp contrast to the 1990 general elections during which President Vinicio Cerezo (who constitutionally could not run for reelection) unabashedly used his weekly television program to influence voters.

CONSOLIDATING THE DEMOCRATIC ADVANCES

Guatemala's economy has grown by 4 percent annually in the last two years, and inflation has stabilized at about 12.5 percent. One reason for the positive economic growth has been the strong expansion of traditional and nontraditional exports. Exports have benefited from a rise in international prices for coffee, sugar, and cardamom. However, interest rates remain high, discouraging investment. Investment in technology, human resources, and productive capital would complement the liberalization of the market that has been taking place since 1985 and address some of the pressing problems facing Guatemala, such as unemployment and poverty.

Guatemala's favorable economic performance has not been accompanied by a significant increase in employment. Currently, Guatemala is experiencing a low employment/underemployment rate of 48 percent of the population, which is comparable to the 1976 level. CACIF estimates that to reach a level of 8 percent unemployment by the year 2020, 3.2 million jobs will have to be created. To attain that number, the economy would have to grow annually at 6 to 7 percent, roughly twice the current population growth rate of 2.8 percent.

Decentralization of the government and public services is urgently needed. Public expenditure is concentrated in the urban areas, principally in Guatemala City. The highest infant mortality rates

are found in rural areas and among indigenous populations. Conditions contributing to the high rates are poor hygiene, lack of potable water, inadequate diet, and low levels of education and income. One of the priorities of the new administration should be the reform of the taxation system to allow municipalities to collect certain taxes and to allocate them for local education and health needs.

International financial assistance has played an important role in improving social conditions in the country. At the June 19, 1995 meeting in Paris of the "Consultative Group," created to support the peace process and made up of 52 countries and international financial organizations, Guatemala received \$120 million in direct financial support for peace-related projects, as well as commitments for a further \$433 million in loans and grants for development projects and investment. These and any future commitments are modest in comparison with the \$3 billion financial package the international community committed to reconstruction in El Salvador.

This shortfall implies that the private business sector will continue to have a significant role in Guatemala's development. The modernization of the Guatemalan state, through the privatization of state enterprises and the strengthening of municipalities, can only be successful with the participation of the private business sector. Thus, the new administration will have to work closely with the business community to continue the country's favorable economic performance and to address reconstruction needs once a comprehensive peace agreement is signed.

Alvaro Arzú, unlike any of his predecessors, will have the opportunity to consolidate the democratic advances that have been made since 1985, advances that have occurred in "compressed time." A peace agreement will move the country further down the democratic path. Guatemala thus is at a critical moment in its transition to a more stable and politically open society. Should it not consolidate its democratic advances within the next five years, there are no international political or economic "safety nets" to help soften the fall. The peace process, which began less than five years ago, has required patience and stamina from all parts—the United Nations, the Group of Friends, the successive governments of Guatemala—but most important, the Guatemalan people. Global events are overtaking the process, and the moment has come for Guatemalans to move decisively forward. ■

BOOK REVIEWS

ON LATIN AMERICA

Fidel Castro

By Robert E. Quirk. New York: Norton, 1995.

912 pp., \$16, paper.

The United States and Democracy in Chile

By Paul E. Sigmund. Baltimore, Md.: Johns Hopkins University Press, 1993. 254 pp., \$38.50, cloth;

\$13.95, paper.

Soldiers in a Narrow Land:

The Pinochet Regime in Chile

By Mary Helen Spooner. Berkeley: University of California Press, 1994. 316 pp., \$30.

What can be said about Chile and Cuba and their relationships with the United States over the past 30-plus years? The three books under review offer some intriguing answers.

In *Fidel Castro*, we find a unique and thoroughly readable history of the man who, for better or worse, is Cuba. The Castro who emerges, however, is an aging, stubborn remnant of another era. Quirk notes that when Cuba's longtime patron, the Soviet Union, disintegrated, "no one in Havana pulled down statues. Outmoded slogans remained in the streets. Castro had become a caricature of his earlier self. . . Gestures and words that had once brought shouts of approval. . . from half a million Cubans in the Plaza of the Revolution now seemed merely silly for one who had aspired to international leadership. Fidel Castro too had become irrelevant. He had stayed too long. . . He had prophesied that history would vindicate him. Forty years later, history had passed him by."

It seems United States policymakers have yet to realize that history has also passed by their assessment of Cuba. The fact that the United States tiptoes around the brutality of Chinese communist repression in order to keep markets open highlights the lie behind America's supposed anticommunist view of Cuba and exposes what has been true all along: the conflict is personal. How appropriate then, to have this rich account of the person on the other side of this outdated grudge match.

As for Chile, that other nation with which the United States has had an intense although altogether different relationship in recent decades, we have two worthy books that represent very different perceptions.

What Princeton professor Paul Sigmund attempts to do, his critics would assert, is provide a revisionist account of United States involvement in the 1973 military coup that resulted in the death of freely elected President Salvador Allende and the establishment of the brutal 17-year dictatorship of General Augusto Pinochet.

And that's what he does. Sigmund's starting point—that the United States is less guilty for the horrible bloodletting in Chile than has previously been believed—is demonstrated by his claim that Americans became concerned with covert action and human rights only because they *felt* they were to blame, rather than actually being blameworthy. Sigmund's book is one to be read if only to refute it.

Ideally, Spooner's work should be read alongside Sigmund's. More journalistic than scholarly, it reminds the reader that real people are affected by policies. Her interviews with top military officials and ordinary Chileans go a long way toward bringing the reader to Pinochet's Chile, rather than to a classroom discussion of the country. The difference between Spooner's and Sigmund's approaches is similar to the difference between an academic monograph on the "secret" American bombing of Cambodia during the Vietnam War and an account by someone for whom the bombs were no secret at all.

All three books reveal how much things have changed in Latin America since the end of the cold war. The region has entered a relatively democratic and technocratic era and the era of revolution and repression is passing. With business fast becoming the business of the world, Castro has become as toothless to the right as Pinochet has to the left.

Sean Patrick Murphy ■

THE MONTH IN REVIEW

December 1995

INTERNATIONAL

Coordinating Committee for Multilateral Export Controls

Dec. 19—At The Hague, officials from 28 countries, including 15 of the NATO countries, Russia, and several other former Communist bloc countries, sign the Wassenaar Arrangement, a set of export controls designed to prevent the development of threatening military technology; the agreement follows the dissolution of COCOM on March 31, 1994, and will take effect after April 3, 1996.

North Atlantic Treaty Organization

Dec. 1—Spanish Foreign Minister Javier Solana is named secretary general; Willy Claes was forced to resign as secretary general on October 20 after he was implicated in a bribery scandal.

BOSNIA AND HERZEGOVINA

Dec. 4—The 1st NATO troops arrive in Bosnia to prepare for the nearly 60,000 NATO troops that are to enforce the Dayton peace accords of November 21.

Dec. 14—Bosnian Serbs release 2 French pilots held since their plane was shot down in August during a NATO bombing raid on Serb positions.

Dec. 20—In accordance with the Dayton peace accords, the UN officially hands over peacekeeping duties in Bosnia to NATO.

Dec. 28—Bosnian government and Serb forces withdraw from their front-line positions in Sarajevo.

BRAZIL

Dec. 16—In Rio De Janeiro, mayoral candidate and Worker's Party councilman Manoel Ribeiro is assassinated; Ribeiro's murder is believed to be in retaliation for his criticism of military police and area landowners for their role in an August attack that left 11 rural homesteaders dead and hundreds more injured.

BURUNDI

Dec. 22—State-run radio reports that armed gangs of Hutu guerrillas killed 30 people today, including a Tutsi provincial governor, Bede Nzobonimpa.

CHINA

Dec. 20—German news reporter Henrik Bork is expelled; it is believed that the government is punishing Bork for criticizing government policies.

COLOMBIA

Dec. 9—Colombian citizen Sheila Arana de Nasser forfeits \$150 million in drug profits after pleading guilty in a US federal district court to smuggling 3 million pounds of marijuana and 55,000 pounds of cocaine into the US between 1976 and 1994.

Dec. 19—The New York Times reports that a Colombian congressional panel has decided to drop drug corruption charges against President Ernesto Samper.

EGYPT

Dec. 7—Results from the November 29 elections show that the ruling National Democratic Party has won 317 of 444 legislative seats; independent candidates won 114 seats and opposition parties 13 seats.

FRANCE

Dec. 5—The government announces that France will resume active participation in NATO's military command structure; in 1966, President Charles de Gaulle pulled French troops out of NATO and ordered American NATO forces out of the country.

Police arrest 19 members of Islamic militant groups as suspects in recent terrorist bombings.

Dec. 9—The government and labor unions open discussions today for the 1st time since a series of transport strikes began 16 days ago to protest proposed social welfare cuts.

Dec. 12—Hundreds of thousands of demonstrators demand that Prime Minister Alain Juppé abandon his comprehensive welfare reform plan.

Dec. 15—Railway workers vote to end their three-week-old strike after Prime Minister Juppé's government abandons its proposed overhaul of the rail system.

Dec. 27—The government holds its 5th nuclear test on Mururoa Atoll in the Pacific Ocean; President Jacques Chirac has announced that there will be only 1 more test, scheduled for May 1996.

HAITI

Dec. 2—In an interview with the CBS News program "60 Minutes," Emmanuel Constant, the former head of Haitian paramilitary group FRAPH, says that he was a paid agent of the CIA from 1991 to 1994. Constant is imprisoned in the US awaiting extradition to Haiti to face rape and murder charges.

Dec. 6—US officials agree to return thousands of documents they seized from FRAPH offices in September and October 1994.

Dec. 23—The Provisional Electoral Council announces results for the December 17 presidential election; Lavalas movement candidate René Préval won 87.9% of the valid vote and independent candidate Leon Jeune, the runner-up, won 2.5%.

HONDURAS

Dec. 21—The New York Times reports that a civilian court has charged 14 military officers with committing human rights violations during the 1980s; 3 of the officers have been ordered detained but are in hiding.

INDIA

Dec. 12—A Muslim separatist group in Kashmir, al-Faran, announces that it is no longer holding 4 Western hostages; the 4 had been held by the guerrillas since July 4.

Dec. 31—The 4 hostages held by al-Faran have been sighted in northern India, according to government officials.

IRAQ

Dec. 21—A UN commission on Iraqi disarmament reports that Iraq may be using prohibited imports to develop long-range

missiles; the commission also reports that the Iraqi government has admitted that it produced greater amounts of VX, a deadly nerve gas, than it had previously claimed.

ISRAEL

Dec. 5—Prosecutors formally charge Yigal Amir, Hagai Amir, and Dror Adani with murder and conspiracy in the November 5 assassination of Prime Minister Yitzhak Rabin; 6 other suspects are also in custody.

Dec. 22—While still refusing to confirm that Israel has nuclear weapons, Prime Minister Shimon Peres says he is willing to end Israel's nuclear program if a regional peace in the Middle East is achieved.

Dec. 27—Israeli soldiers leave Ramallah, ending 28 years of occupation; Ramallah is the last of 6 major West Bank cities to be turned over to Palestinian rule in preparation for the January 20 Palestinian elections.

Near Washington, D.C., Israeli and Syrian delegates hold a preliminary round of talks on the Golan Heights, which Israel seized from Syria in the 1967 war and annexed it in 1981.

JAPAN

Dec. 14—The government, citing antisubversion laws, orders the Aum Shinrikyo cult to disband; the cult is accused of carrying out a poison gas attack in a Tokyo subway, in March 1995, that killed 8 people.

KOREA, NORTH

Dec. 15—Officials sign an accord that gives the country 2 light-water nuclear reactors in return for agreeing to shut down its heavy-water reactors and freezing its nuclear weapons program; South Korea and Japan will finance most of the accord.

KOREA, SOUTH

Dec. 5—Prosecutors indict former President Roh Tae Woo on charges that he accepted at least \$370 million in bribes from prominent businessmen while in office; 7 business leaders have also been indicted on charges of paying bribes.

Dec. 21—The government indicts former Presidents Chun Doo Hwan and Roh Tae Woo for involvement in the 1979 military coup.

LATVIA

Dec. 13—A court sentences Alfons Noviks, a former secret police official during the Stalin era, to life in prison for the mass deportation of Latvians to Siberia between 1941 and 1949; the court also finds Noviks guilty of ordering executions.

LEBANON

Dec. 10—Israeli soldiers wound 3 UN peacekeepers when they fire on them after mistaking them for Muslim guerrillas; the UN personnel were inside Israel's self-declared security zone in southern Lebanon.

Dec. 30—Lebanese guerrillas fire approximately 12 rockets into northern Israel; Party of God guerrillas claimed responsibility for a similar attack on December 29.

MAURITIUS

Dec. 22—Results released today show that the main opposition alliance, led by Navin Ramgoolam and Paul Berenger, won the December 20 general election; the winning coalition took 65.2 percent of the votes and the governing coalition of Prime Minister Anerood Jugnauth, which has been in power for 13 years, took 19.7 percent; the remaining votes went to independent parties.

NIGERIA

Dec. 24—Security officials seize the opposition journal *Tell* and take its editors into custody.

PAKISTAN

Dec. 21—A car bomb explodes outside a department store in Peshawar, killing 32 people and wounding 117; no one has claimed responsibility for the attack but police suspect an Afghan militant group.

PALESTINIAN AUTHORITY

Dec. 13—PLO chairman Yasir Arafat announces that elections in the West Bank and Gaza Strip will be held on January 20; voters will select an 82-member legislative Palestinian Council and a president.

Dec. 21—*The New York Times* reports that talks between the Palestinian Authority and Hamas have ended with Hamas's decision not to participate in Palestinian elections or renounce armed conflict.

RUSSIA

Dec. 4—A car bomb explosion outside a Russian administration building in Grozny, Chechnya, kills 11 people and wounds 60; no one takes responsibility.

Dec. 5—In Moscow, a grenade destroys the office of far-right parliament member Nikolai Lysenko; no one is hurt and no one claims responsibility for the attack.

Dec. 18—Russian troops launch heavy artillery and missile attacks on Gudermes, a city in the secessionist republic of Chechnya; 600 rebels are reported to have 150 Russian soldiers under siege; the attack is the 1st major engagement of Russian and rebel forces since a peace agreement was reached July 30.

Dec. 21—Rebel forces withdraw from Gudermes; the rebel commander, Aslan Maskhadov, says that the separatists' primary objective of disrupting local and parliamentary Russian elections has been achieved.

Dec. 25—Russian General Anatoly Shkirko says that approximately 600 people, including about 300 civilians, were killed in fighting between Russian troops and Chechen rebels in Gudermes.

Dec. 26—President Yeltsin leaves the hospital where he has been receiving treatment for a cardiac condition.

Dec. 30—*The New York Times* reports final results for the December 17 parliamentary elections; the Communist Party won 23.30% of the party-list votes and will control 157 seats of the 450-seat lower house of parliament, while the nationalist Liberal Democratic Party has 11.18% of the vote and 51 seats; President Boris Yeltsin's Our Home Is Russia Party has 10.13% of the vote and 55 seats, and the liberal Yabloko bloc has 6.89% and 45 seats. A minimum of 5% of the vote was required to win party-list seats.

SPAIN

Dec. 22—Army Major Luciano Cortizo Alonso is killed in a car bomb attack in León; Basque separatist guerrillas are believed to be responsible for the attack.

Dec. 28—Prime Minister Felipe González calls for general elections on March 3, more than a year ahead of schedule.

SRI LANKA

Dec. 5—The army says it has gained full control of the city of Jaffna after a 50-day offensive; it is estimated that 9,000 people have been killed in the fighting to take control of the city from rebel Tamil Tigers.

THAILAND

Dec. 27—The last 5,048 Vietnamese "boat people" in a refugee camp will be returned to Vietnam after 20 years; the agreement was signed by Thailand, Vietnam, and the UN High Commissioner for Refugees.

TURKEY

Dec. 14—Abdulla Ocalan, the head of the rebel Kurdistan Workers Party, announces a unilateral cease-fire.

Dec. 24—Prime Minister Tansu Ciller's True Path Party is defeated by the Welfare Party in general elections; the Welfare Party, which has an Islamist orientation, took 158 of the 550 seats in parliament; the True Path won 135 seats.

Dec. 25—Prime Minister Ciller resigns.

UKRAINE

Dec. 20—Government officials and the Group of Seven (G7)

nations sign an agreement under which Ukraine will close its Chernobyl nuclear power plant by 2000; the G7 will provide \$2.3 billion in aid to assist with the plant closing and the development of the Ukrainian energy industry.

UNITED STATES

Dec. 1—Senator Mark Hatfield (R-Or.) announces his retirement from Congress; he is the 12th senator to resign this year.

Dec. 15—A presidential-congressional agreement ending November's 6-day shutdown of the federal government expires at midnight, resulting in the furlough of 260,000 federal workers; President Bill Clinton and Republican congressional leaders continue to negotiate a budget agreement.

Dec. 22—A United States magistrate in New Jersey rejects the 4th and final attempt to extradite to Mexico former Mexican Deputy Attorney General Mario Ruiz Massieu, who is accused of embezzlement and the political cover-up of his brother José Francisco Ruiz Massieu's assassination. ■

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